



URBAN HERITAGE MANAGEMENT: LINKING ECONOMIC, SOCIAL, AND DEMOCRATIC PLANNING IN THE HISTORIC CENTER OF QUITO, ECUADOR

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URBAN HERITAGE MANAGEMENT: LINKING ECONOMIC, SOCIAL, AND ECONOMIC PLANNING IN THE HISTORIC CENTER OF QUITO, ECUADOR

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Concern over the viability of urban heritage management as a tool for equitable economic development and poverty reduction has emerged as international development banks increase lending for culture and heritage. This dissertation examines urban heritage management and its ability to connect social, economic, and democratic issues to promote sustainable urban futures through a case study of Quito, Ecuador. Quito, the first city in Latin America to be recognized as a UNESCO World Heritage Site in 1978, represents a strong example of an internationally financed historic preservation project and the dynamic struggle between the forces of planning and order and spontaneous organization of the city.

This dissertation examines the contested role of the historic center: examining the use of heritage as a tool for development and seeks to understand the role multi-scalar governance in the redevelopment of heritage sites. It assesses and evaluates this new governance structure and the democratic process, as well as the impacts on civil society, in particular informal vendors who worked in the historic center prior to the initiation of the project.

The dissertation shows that heritage can be used as a catalyst for more than conservation and provides new insight into semi-formalization measures and degrees of informality. It also demonstrates that changing perceptions and re-imagining neighborhoods is a slow process which requires more than clearing public spaces and rehabilitating old buildings.

BIOGRAPHICAL SKETCH

Lisa Marie Hanley was born in Southampton, NY. In high school she participated in the Rotary Exchange program and lived for one year in Argentina. This year deeply influenced her interest in Latin America and later her studies. She holds a BA in International Affairs from the George Washington University and a MA from the University of Texas in Geography. Before beginning doctoral studies at Cornell in 2005, Lisa worked for the Woodrow Wilson International Center for Scholars in Washington, D.C. and spent two years in Guatemala working in municipal development with the Peace Corps. She currently lives in Munich, Germany with her family.

To Sebastian

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LIST OF ABBREVIATIONS

AZC	Administration of the Central Zone
CAPEIPE	Chamber of Small Industries of Pichincha
COSPE	Cooperation for the Development of Emerging Countries
ECH	Historic Center Development Corporation
FONSAL	Fund of Salvation
IDB	Inter-American Development Bank
ILO	International Labor Organization
IMQ	Illustrious Municipality of Quito
INEC	National Institute of Statistics and Censuses of Ecuador
INNOVAR	Quito Urban Development Company
INPC	National Institute of Cultural Heritage
MCT	Metropolitan Corporation of Tourism
NGO	Non-governmental organization
OAS	Organization of American States
SDS	Sustainable Development Services
UECP	Executive Unit of Popular Commerce
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNRISD	United Nations Research Institute for Social Development

CHAPTER 1

Introduction

A major reason for the regeneration of historic districts is the possible upside to economic development through the generation of a tourist industry based on heritage. However, other factors may include an improved tax base, increased land values, and a wider economic regeneration of the area. In the competitive global market place, UNESCO world heritage sites may receive special attention. Although not all world heritage sites are well known, they receive 15-20% of the global tourist market (Musitelli, 2005) which can encourage countries to have their sites added to the ever growing list. Urban world heritage sites can pose particular problems, as both public and private space may serve alternative purposes that are viewed as incompatible with regard to both the preservation of the site as well as its successful conversion into a tourist destination. However, others argue that urban regeneration projects in historic districts can provide a fresh economic development strategy and foster the intangible benefits of pride, a sense of place, and identity (Serageldin, 2001).

The contestation of world heritage relates to the different views people have and attach to different properties. Questions such as who is responsible, how should the site be preserved, and what use should the site serve are likely to be answered differently by a variety of actors. Contrasting opinions about how a site is managed and used can be clearly illustrated by the case of the historic center of Quito, Ecuador, where local, national, and global actors hold competing visions for the site. However, the need for economic development often topples other interests and can result in an attempt to convert properties into tourist destinations or cultural enclaves within the city. The case of the historic center of Quito is no exception. Since its designation as a

world heritage site in 1978, the conflicting interest over the use of public and private space became apparent, as a municipal led rehabilitation project was initiated.

This municipal led rehabilitation project has been cited by some as gentrification and displacement under the guise of world heritage (Middleton, 2003); the Inter-American Development Bank (IDB) and the Municipality of Quito have hailed the project as an economic, social, and political success. The urban and cultural transformations that have taken place in the historic center of Quito in the past decade move beyond the new building facades and pedestrian areas that can be visually observed. The transformations that have taken place stem from deeply rooted cultural and class perceptions of public space. These perceptions and subsequent policies have resulted in a new urban geography of the historic center of Quito, transforming economic and trading activities, tourism, and overall land use patterns.

OBJECTIVES OF THE STUDY AND RESEARCH QUESTIONS

This dissertation examines the tensions that arise out of a world heritage site designation and the consequent revitalization/economic development project. The designation of the historic district of Quito as a world heritage site and the subsequent multimillion dollar urban revitalization project financed by the Inter-American Development Bank (IDB) and the Municipality of Quito is the research object of this study. The new interest and investment in rehabilitating the historic center did not only transform and rehabilitate buildings; it also sought to connect economic, social, and democratic planning. Can historic centers provide a new approach to urban regeneration, or is it simply gentrification and displacement in the name the history? Although the regeneration project included numerous strategies, a first priority was how to deal with the informal markets which had grown to significant levels over the past decades, occupying the streets and sidewalks. Municipal plans indicate that the informal markets were primarily responsible for the deteriorated state of the historic

center and the general rehabilitation could not be accomplished without first resolving the issue of informality in the historic center. Therefore, the top priority of the regeneration project included a modernization of informal commerce. This modernization resulted in a relocation of fixed stall street traders into indoor municipal markets, eliminating the occupation of public space in the historic district by street vendors and a semi-formalization of the vendors. This component also focused on creating an improved economic and social environment for the vendors, a recuperation of public space for the municipality, and an engagement of vendors and local government through participatory meetings over several years. It also created tensions between the vendors, the municipality, and other actors, including the IDB, UNESCO, and the national government over the appropriate use of the site.

The tensions and complexities that have arisen out of these events are examined through the following questions. How are the conflicting visions from global, national, and local levels reconciled? Can integrated strategies for urban revitalization alleviate poverty and promote social cohesion among traditionally divided groups? I examine these questions through four complexities that exist in the historic center of Quito: (1) between the physical and cultural environment, (2) between the local and the national, (3) between the local and global, and (4) the role of gender and ethnicity.

The first complexity, between the physical and the cultural, can be witnessed as new financial investments are made in the historic center by public, private, and international agencies to preserve the cultural and historical patrimony and minimize the signs of several thriving informal markets and deteriorated residences and businesses that once occupied the area. The second complexity between the local and national can be examined through economic, social, and democratic levels. Trends of decentralization in Ecuador have emphasized the role of cities and municipal

governments, as the national government transfers responsibilities to local authorities. However, local and national visions for the historic center of Quito are not always identical. Presently, local laws and regulations are in conflict with the right to work clauses cited in the newly ratified constitution. The complexity between the local and the global raises questions about whose heritage and identity is to be preserved, what value can this patrimony create on a global scale to attract tourism and potential economic development, how does this impact local uses of the space, and what do these changes mean to different social groups? Lastly, the role of gender and ethnicity can not be ignored, as the majority of informal traders are women and/or of indigenous decent. Women and indigenous people already occupy a precarious economic and political position within Ecuadorian society. The complexities that arise raise questions about how local government and international agencies take into account the special needs of what is generally considered an already marginalized population in a large planning project.

All of these complexities and tensions are being played out in the historic center of Quito and in other urban spaces in Latin America and around the world. A deeper understanding of these processes can assist in preserving historic and cultural patrimony, as well as alleviating the potential social and economic displacement of urban revitalization projects in historic centers, which can further fragment a fragile urban fabric.

REVIEW OF LITERATURE

In the past decade the historic center of Quito, Ecuador, has transformed from a crowded and deteriorating center city slum to the best preserved, least altered historic center in Latin America, according to UNESCO (UNESCO, 2009). This transformation impacted more than just buildings and monuments; it had a wide reaching social and economic impact on the city. Quito is not alone in its recent

renovation, as numerous historic centers are undergoing similar processes in Latin America and around the world.¹ The availability of international financing and renewed popular interest in cultural and historic values has intensified conflicts between residents, local government, and international development agencies, as large scale historic center rehabilitation projects have been initiated worldwide. The complexities and tensions encountered through the meeting of the local and global scales can be analyzed through the notion of glocalization. Swyngedouw's glocalisation, "the twin process whereby... institutional/regulatory arrangements shift from the national scale both upwards to supra-national or global scales and downwards to the scale of the individual body or to the local, urban, or regional configurations" (Swyngedouw, 2004, p. 1), aptly describes the process for the case examined in this study. For the case of Quito, this implies the convergence of global and local forces, such as UNESCO, the IDB, and the municipality, on the historic center. Each scale and institution holds a different vision, as well as distinct institutional regulations which must be brought together and reconciled.

The historic center of Quito, a district in a small capital city of approximately 2 million, was launched into a global network of actors with its 1978 world heritage site designation. This global recognition was rooted in one aspect of Quito's sense of place and history, the colonial period. Although a small government city with little regional importance, Quito was now expected to upgrade the historic district to fit international, universal standards of colonial heritage, through the regeneration of the colonial district, rooting its history, space, and place in the colonial era.

¹ Examples in Latin America include examples include Mexico City, Mexico, Havana, Cuba, Cartagena and Bogota Colombia, Cusco, Peru, and Buenos Aires, Argentina. Fez, Morocco, Cairo, Egypt, Istanbul, Turkey, and St. Petersburg, Russia are some examples from around the world.

This transformation of the urban landscape was achieved primarily through an internationally financed urban revitalization project, which can be analyzed through four main bodies of literature. First, the idea of heritage and cultural patrimony and what it means to a variety of actors engaged in both the use of a world heritage site and its preservation. Second is the literature on economic development and tourism studies. Third is the wide body of literature on the informal economy. The historic center of Quito has been the work site of thousands of informal vendors who have occupied the streets and sidewalks at alarming rates since the 1970's. These vendors are often seen as incompatible with the global vision of a world heritage site, as they occupy public space creating a congested, dirty, and unsightly atmosphere. The majority of the vendors were fixed stall vendors, whose characteristics often fall outside of the informal economy literature. Within the literature on informality, it is important to consider gender and ethnicity, as many of the traders are women and/or of indigenous decent. Fourth, is the literature on planning, participation, and negotiation. The municipality of Quito engaged in a long process of negotiation with street vendor associations and individual vendors.

This dissertation examines the urban revitalization of the historic center of Quito through these lenses, examining the old and new forms of regulation in the informal economy and paying close attention to why informality is viewed as incompatible with tourism and preservation and whether or not these visions can be reconciled. As planners it is important to pay attention to implementation of the measures taken. How the municipality worked with the vendors in a process of participation and negotiation is critical to this project. The process undertaken by the municipality attempted to find an alternative that satisfied both the vision of the municipality of the historic center and the objective of the vendors to maintain a secure and dignified work environment. These themes bring us back to the idea of

globalization and glocalization. The marriage of these theories allows one to pay attention to the importance of the local policies that were carried out in Quito, without underestimating the role of global pressures exerted by UNESCO and the IDB.

RESEARCH METHODS

This dissertation uses a case study to analyze the historical background and the role of different agencies and actors involved in Quito's revitalization project. The case study approach provides a useful method for describing complex social phenomena in a specific context (Yin, 1994). In particular, it is appropriate for the case of Quito because the framework provides insight into the rehabilitation project through a real-life context, demonstrating the contextual conditions and describing complex social phenomena (Ibid).

The study is based on interviews, observation, and review of secondary materials relevant for understanding the transformation of the historic center of Quito. The choice of Quito as an embedded case study design is justified by three features. First, the importance of Quito as a case study relies on the significance of its designation in the first list of UNESCO world heritage sites in 1978. Second, is the municipality's success in securing a multimillion dollar loan from the IDB to finance the rehabilitation of the historic district in 1994. Lastly, are the broad urban changes which Quito has undergone since its recognition as a world heritage site and the later financing for the physical rehabilitation and economic development project. In this context, the analysis of Quito's revitalization within the analytical framework presented above can provide insights not only about the features of the policies and strategies that were successful, but also about limitations that other cities might encounter in trying to replicate the experience.

Field work and data collection for the study was carried out during the 2007-2008 academic year. Primary data include in-depth interviews and observation of

municipal meetings with stakeholders in the historic center. To identify informants for interviews I used the information extracted from secondary sources and a reputation method² to ask interviewees to supply the name of other potential informants relevant to the research. In depth interviews were conducted in person and included planners, public officials, employees of municipal agencies, NGO representatives, community leaders, heads of informal traders associations, informal traders, and small business owners. I spent between fifteen minutes³ to several hours with each interviewee working from a set of questions designed to elicit information regarding the characteristics of their organization, involvement and influence in the urban revitalization project, their personal perception of the project and the management by the municipality, and the impact of the project on their personal livelihood. I tailored questions to each informant based on their particular background and experience. These interviews provided invaluable insights into the process of change, as well as the differing perspectives of the impacts of this change. In addition, I attended several municipal and NGO sponsored workshops and meetings with local residents, business owners, and traders. These events provided information about how the municipality engages and informs the public, and allowed for the opportunity to listen to lively discussions from community members about their concerns regarding the changes happening in their neighborhood.

Secondary data sources include documents compiled to understand the features of Quito's socio-economic conditions, as well as the characteristics of the local political system and the revitalization project. Secondary data provides information on municipal planning goals, planning processes and policies, as well as the extent to

² This method allows for prioritization of informants based on the number of times each is mentioned in other interviews (Fainstein, 1994).

³ A small number of vendor interviews were around 15 minutes in length due to the time constraints of the vendors; in the cases where 15 minutes was not sufficient, a second interview was conducted.

which residents and vendors were included or excluded in various decision making processes. The documents I collected included: municipal plans, ordinances, agreements, and contracts, annual reports of municipal agencies, master plans, IDB loan agreements and progress reports, correspondence between the municipality and vendor associations, public relations materials, newspaper articles, and academic studies. Additional documents include socio-economic indicators, tourism statistics, informal vendor surveys, and zoning regulations. These documents reveal the numbers and characteristics of the informal markets in the historic center, as well as municipal perceptions of planning problems. Newspaper articles and planning documents enable a detailed chronology of change, and can be used to supplement the perspectives of key informants. Media materials collected include video materials of municipal meetings from 1996-2003, as well as PowerPoint presentations of municipal employees. These materials allowed me to analyze the changes in attitudes between the municipality and vendors over time, as well to identify the key points of tension between the municipality and vendors. The range of methods employed and the longitudinal nature of some of the data allow for an examination of the changing nature of the urban environment in the historic center, within the context of an extensive urban rehabilitation project.

The following chapters expand many of the points introduced so far:

Chapter 2 presents a review of the literature, examining the concepts of heritage, heritage tourism, and its interconnectedness with the informal economy in the Latin American city. It also addresses the concepts of participation and negotiation in planning and how they connect to the larger theme of globalization.

Chapter 3 presents an account of the urban transformation of the historic center of Quito, with particular attention to the development and impact of the informal economy. In addition, the basic structure of the local government is

reviewed. This background information is necessary to understand the historical, economic, and political context.

Chapter 4 examines the municipal plans and how they have influenced both the deterioration and development of the historic center. It addresses the social, democratic, and economic impact of municipal policies.

Chapter 5 examines the complex process of negotiation that took place from 1996-2003 between the informal traders and the municipality.

Chapter 6 examines the impacts and progress of the new commercial centers where the traders were relocated from 2003-2008. It also addresses progress of the economic development component since the relocation in 2003.

Finally, Chapter 7 examines the implications of international recognition, financing, and heritage. This chapter pays special attention to the local, national, and global influences on shaping the redevelopment of the historic center. It also summarizes the findings of this study and a discussion of the Quiteño experience and its implications for planners and future research.

CHAPTER 2

A Framework for Understanding Urban Rehabilitation and Heritage Management

The city in history has traditionally been a place of economic, social, and cultural activity. One of the distinguishing characteristics is the intertwining of culture and economy in the urban sphere, as culture is increasingly subject to commodification in the capitalist system. Local cultures impact the interactions and shape intra-urban economic activity, just as the economy drives the complexities and dynamism of culture. In essence, culture and place are intertwined, just as place and economy are entangled. The tension between culture, place, and economy is evident. Although capitalism erodes culture in some sites and generates cultural uniformity, it also creates culture in others, as well as contributes to the recent trend to preserve culture. This phenomenon is linked to the dynamics of the new economy, as defined by Castells, whose form is increasingly informational, global, and networked (Castells, 2002). Culture is thus recast from being a distinct sphere of social life, to something that permeates everything including the design and rehabilitation of urban spaces and the way organizations and institutions, both public and private, utilize them in an era of cultural commodification.

The contemporary city often represents controlled spaces and geographical separation by race and class, a result of the increasing segmentation of the market and growing divisions between class and income (Christopherson, 1994). In some cities, political and economic fragmentation and the narrow definition of community have inhibited the creation of a sense of urban community that can represent multiple factions in the city, constraining the negotiations of public space, life, and community (Ibid). Urban spaces, such as plazas and squares, are places which can contribute to

new forms of public life, and help overcome fragmentation of the urban environment. Power relationships within communities and neighborhoods are embedded in discourse about public space, and such public spaces are those in which citizens can engage and confront each other directly (Schaller and Modan, 2005, p. 405). They can be spaces where new ideas about community, in particular the development of communities of difference can be forged. However, the need for economic development can endanger this role of the public square, converting it into an object of economic growth, rather than one of community. The continuing informalization of the labor market can also alter the landscape of cities, as once public spaces become occupied with street vendors, these limit its public use but also add to the city's activities and social interactions.

This global-local tension produced through the drive for economic growth coupled with the search for an urban identity can be witnessed through the recent trend to conserve culture and history in space through urban heritage preservation. This is demonstrated by tourism and real estate led rehabilitation contrasted with local uses of space. Certain privileged places represent points from which cultural artifacts and images are broadcast across the world, transforming local cultures and the geography of culture (Scott, 2000). The historic center can represent such a space, as increased interest in preservation can bring with it the pressures of tourism and the introduction of a symbolic economy, altering the cultural landscape, as well as recuperating the historical past. The symbolic economy is characterized by the production of space, the synergy of investment and culture, and the production of symbols to construct both a "currency of commercial exchange and the language of social identity (Zukin, 1995, p. 23-24)." The historic center has the potential to play a significant role in the symbolic economy and has converted into an important, yet contested, asset for city planning and local economic development. This research

looks at the contested role of the historic center; examining the use of heritage as a tool for economic development and social and democratic improvement, and seeks to understand the role local, national and international actors' play in shaping the redevelopment of the historic center of Quito. In addition to the municipality and the IDB, organized informal vendors are a significant political force in the historic center and play a key role in the transformation of the historic district from a large informal market to what UNESCO considers the best preserved historic center in Latin America.

The present chapter begins with a conceptual discussion of the pressures created through the designation of urban world heritage sites and the complications that arise out multi-scalar management and “ownership” of the site, given that at a minimum UNESCO, the state, and local government must now agree on policy and strategy. Because historic centers in Latin America are often characterized by informal markets and roaming traders, the analytical framework also needs to take into account the literature on the informal economy, giving careful consideration to the semi-formal status of the fixed stall vendors, as well as to ethnicity and gender. In addition, I also address the politics of participation, community engagement and negotiation in order to reveal the complexities of planning at multiple levels. Lastly, I end with a discussion of how planners can help to reconcile the competing visions for the historic center. The goal of the chapter is to show how the central thesis has been built by choosing these theoretical bodies of literature, highlighting the key concepts which have helped define the research questions.

THE HISTORIC CENTER OF QUITO

In 1978, in recognition of being the best-preserved, least altered historic center in Latin America, UNESCO declared Quito's colonial center a World Heritage Site. Quito was among the first 12 sites ever recognized worldwide. Since then, there has

been considerable interest and investment, both local and international, in the conservation of the historic center of Quito. Quito aptly represents the multi-scalar governance tensions that can arise out of a UNESCO designation. Since 1992, the historic center of Quito is managed by the municipality, as the Ecuadorian National Institute of Cultural Patrimony gave the municipality custody of the historical patrimony in the historic center of Quito. However certain regulations from the state still apply to its management. The municipality actively sought external funding to finance the rehabilitation and finally came to a loan agreement with the IDB in 1994. Since the loan agreement, the IDB also has played an active role. The issues of multi-scalar governance converge on the historic center as the state, the municipality, UNESCO, and the IDB must all negotiate and agree on how to manage the site.

Quito, like other historic centers in Latin America, was a site of informal street trade and commerce prior to its recent rehabilitation. The changes initiated by the above actors have brought about an ensuing controversy over the conflicting use of space in the historic center; in particular, the occupation of public space in the historic district by informal markets and traders. Questions of informality, particularly fixed stall vendors, played a key role in the rehabilitation of the historic center. The relatively formal status and organization of the fixed post vendors created a political space that resulted in a long process of planning, negotiation, and engagement with the vendors that might not have existed with more informal and less organized vendors. The conflicts over space in the historic center of Quito embody the multiple controversies and tensions that world heritage can produce in a city, particularly with regard to the past, present, and future uses of public spaces.

UNESCO AND WORLD HERITAGE SITES

In 1972, the United Nations Educational, Scientific, and Cultural Organization (UNESCO) introduced the World Heritage Convention, aimed at the protection of

world cultural and natural heritage. Since its enactment in 1972, 185 states have signed the convention and 878 sites have been designated by UNESCO as world heritage sites of “outstanding universal value (UNESCO, 2009).” The first list of sites was declared in 1978 with 12 sites; the historic city of Quito, Ecuador was among this first list.

The World Heritage Convention

The historical underpinnings of the World Heritage Convention began in 1931, with the Athens Conference organized by the League of Nations and created the first base for cultural world heritage, the Carta del Restauro, also known as the Athens Charter for the Restoration of Historic Monuments. After World War II, UNESCO played an important role in rescuing heritage sites around the world prior to the convention, such as Venice, Italy and Abu Simbel, Egypt in the 1960’s. In 1971, the Nixon administration in the United States sought to commemorate the centennial anniversary of Yellowstone Park and saw this as an opportune time to introduce a trust to preserve cultural and natural heritage world wide. In addition the International Union for the Conservation of Nature prompted UNESCO to examine issues of natural heritage. UNESCO also sought to give a structural character to its activities. These multiple interests culminated at a meeting in Paris in 1972, where the World Heritage Convention was signed. The high number of countries party to the convention, 186, make it one of the most successful international agreements, as well as one of UNESCO’s vital tools for preservation and conservation (UNESCO, 2009). However, the convention is often criticized for expressing a western notion of heritage, as the idea of the American national park was the cornerstone for the development of the convention. There have been some efforts to counteract this criticism, as various endangered sites have benefited from the technical and financial assistance made available due to their designation as a world heritage site.

The World Heritage Convention declares that sites are property of all humanity and the responsibility of the international community. However, it also recognizes that the sites are located in sovereign territories. The state must agree to be included in the list, and is often the initiator of the process along with the locality,⁴ which then requires the state to pledge to care for the site so that it may be handed down to future generations. World heritage does not necessarily compete with national heritage, as each country remains the primary care taker of the site after designation and is financially responsible for the adequate care and investment required to maintain the site. The world heritage convention aims to preserve the world's 'best' heritage sites, that is sites that meet certain quality criteria. In order for a site to be added to the world heritage list, the property must meet the criteria of "outstanding universal value" (UNESCO, 1972), fulfill a criterion of authenticity and meet one of the six criteria outlined in the convention. Article 1 defines cultural heritage as:

"monuments: architectural works, works of monumental sculpture and painting, elements or structures of an archaeological nature, inscriptions, cave dwellings and combinations of features, which are of outstanding universal value from the point of view of history, art or science; groups of buildings: groups of separate or connected buildings which, because of their architecture, their homogeneity or their place in the landscape, are of outstanding universal value from the point of view of history, art or science; sites: works of man or the combined works of nature and man, and areas including archaeological sites which are of outstanding universal value from the historical, aesthetic, ethnological or anthropological point of view (UNESCO, 1972)."

However, outstanding universal value is not clearly defined in the convention. For cultural sites, it must be one of the best representations of their own culture, but culture is also not clearly defined (UNESCO 1972, p. 3). It is possible for a site to lose

⁴ For the case of Quito, Ecuador, the municipality and the state collaborated in the process, which was encouraged and guided by Ecuadorian national and UNESCO employee, Hernan Crespo.

its world heritage designation if it has lost the qualities of world heritage due to human intervention or natural disasters; however only two sites have been removed from the list, both due to human intervention.⁵

The World Heritage Committee has added new sites to the world heritage list since 1978. In 2009, 890 properties were inscribed in the world heritage list: 689 cultural sites, 176 natural sites, and 25 sites of mixed cultural and natural heritage. These sites are located in 148 states. Almost 50% of the sites are located in Europe and North America. 31 sites are considered in danger, all of which are located outside of Europe and North America (table 1). The World Heritage Convention is not only words on paper, but is above all a useful instrument for concrete action in preserving threatened sites and endangered species. By recognizing the outstanding universal value of a site, states party to the convention commit to its preservation and strive to find solutions for its protection. If a site is inscribed on the List of World Heritage in Danger, the World Heritage Committee can take immediate action to address the situation and this has led to many successful restorations, making the World Heritage Convention a powerful tool to gather international attention, action, and financing, particularly for endangered sites.⁶

⁵ There are two cases where sites have been removed from the world heritage list: Arabian Oryx Sanctuary, Oman and Dresden Elbe Valley, Germany. The Oman's Arabian Oryx Sanctuary was de-listed in 2007 due to Oman's reduction of the protected area by 90%. This was seen by the World Heritage Committee as destroying the outstanding universal value of the site which was inscribed in 1994. The World Heritage Committee decided to remove Germany's Dresden Elbe Valley from UNESCO's World Heritage List due to the building of a four-lane bridge in the heart of the cultural landscape which meant that the property failed to keep its outstanding universal value.

⁶ Some success stories of endangered sites which have been saved due to their world heritage designation and later listing as an endangered site include: the Giza Pyramids, Egypt, Whale Sanctuary of El Vizcaino, Mexico, Royal Chitwan National Park, Nepal, Mount Kenya National Park/Natural Forest, Kenya, and Angkor, Cambodia, (UNESCO, 2009).

Table 1: World Heritage Sites by Region

Region	Cultural	Natural	Mixed	Total	%
Africa	42	33	3	78	9%
Arab States	60	4	1	65	7%
Asia and the Pacific	129	48	8	185	21%
Europe and North America	375	56	9	440	49%
Latin American and the Caribbean	83	35	3	121	14%
Total	689	176	24	889	100

Source: UNESCO, 2009

The present world heritage list contains both well-known and less well-known sites. Annually, potential world heritage sites apply for inclusion in the world heritage list. The 33rd session of the World Heritage Committee, which took place in June, 2009, reviewed 52 site nominations and 12 new sites were approved for inscription in the World Heritage List at this meeting (UNESCO, 2009). Regular additions are important, otherwise a static list might lose importance with the public over time; however it is unclear how the ever growing list can maintain a high standard of outstanding universal value.

Not everything is known about the impacts of world heritage recognition. The impact on cities, according to Jones, is under-researched (Jones, 1994, p. 316). The advantages and disadvantages of a world heritage site designation are a subject of debate. Does the designation assist with preservation, such as financing and technical assistance? Will tourism increase, boosting the local economy and/or endanger the site? On the other hand, designation could cause local tensions, as sites often have

multiple uses that may conflict with the idea of world heritage as expressed in the convention.

What is Heritage?

Heritage, as defined by Graham, is conceptualized as knowledge that constitutes both economic and cultural capital that changes with time and space; a contemporary issue of the past whose meanings are defined in the present (Graham, 2002). Heritage and historic districts are in essence economic and cultural resources which can be exploited to promote tourism and economic development. Lowenthal argues that heritage is a private, not a public resource as ownership transforms its value; "Ownership gives it essential worth...Claims of ownership, uniqueness, and priority engender strife over every facet of collective legacies (Lowenthal, 1998 p. 227)." Once a site is considered of value due to its heritage, ownership, possession, and tenure can all become entangled in a struggle over its past, present, and future uses. Similarly, Tunbridge and Ashworth argue that heritage is likely to become a contested resource if more than one individual claims it; various persons have different reasons for preserving or not preserving a site and "all heritage is someone's heritage and therefore logically not someone else's (Tunbridge, 1996 p. 21)." World heritage sites are especially susceptible to conflict, as these sites are claimed for different purposes by various actors at more scale levels than other kinds of heritage: local, national, and global. According to Lowenthal, "too much is now asked of heritage. In the same breath we commend national patrimony, regional and ethnic legacies, and a global heritage shared and sheltered in common. We forget that these aims are usually incompatible (Lowenthal, 1998, p.221)." The increasing worth of heritage to some parties can aggravate conflicts over ownership, use, and significance.

As the world becomes more interconnected through the development of technologies and the pace of globalization accelerates, relationships between cities,

states, and non-governmental institutions create a web of transnational interconnectedness and an institutional order (Finnemore, 1996). This global order consists of culturally empowered and legitimized actors, such as the nation state and international organizations such as UNESCO, as well as local governments (Brenner, 2004). The development of world heritage clearly demonstrates the power and influence of this hegemonic network, as an authority on culture and heritage. UNESCO is a powerful producer of symbol and imagery of what represents culture, and what is worth preserving. Finnemore also claims that states are socialized to accept new norms and values by international organizations (Finnemore, 1996). From this perspective, states and cities can be educated and socialized about world heritage. However, the relationship is not entirely passive, as states and cities actively engage in the process of cultural recognition with UNESCO. For the city of Quito, recognition of heritage could be considered a contradictory process which transformed the historic district into an increasingly contested space, both locally and globally.

International organizations, such as UNESCO and the IDB, encourage the production of memory and symbol through recognition and financing of a privileged selection of heritage preservation projects. Heritage is converted into a system of institutionalized and formalized interpretations of history, culture, and nature, bringing order to the past and creating an imagined global community of sites. Despite the cultural differences celebrated by heritage, they are recognized because of their common and universal representation of humankind in history. In fact it could be argued, that the one thing we know about heritage, is that it often obscures the complexities of history and politics behind its recognition. Richard Wilk describes this as an international beauty contest, which "...substantially narrow our gaze to particular kinds of difference....washing them with the legitimacy of objectivity (Wilk, 1995, p. 130)." World heritage has a judge and jury, at UNESCO in Paris.

Harvey also contends that locality only matters because of globalization and that the uniqueness and identity of place has become important because of the need for security in a shifting, uncertain age (Harvey, 1989b). Massey discusses this production and perpetuation in terms of a search for a “global sense of place”, involving “the search after the real meanings of place” and “the unearthing of heritages (Massey, 1993, p. 236.)” She suggests that it is a “response to (a) desire for fixity and for security of identity in the middle of all the movement and change (Ibid p. 236).” While these represent cultural quests for identity and social pursuits for community and stability, it is not difficult to imagine how the assertion of the local amidst global forces may easily become reactionary responses, involving “certain forms of nationalism” and “sentimentalized recovering of sanitized heritages (Ibid, p. 232).” In other words, heritage is a cultural and political project with multiple aspects, a tool for states and cities in their nation-building and identity efforts, as well as their engagement in “cultural prestige competitions” (Smith, 2005). The use of heritage to serve political ends is thus a short step away from its integral role in a people’s search for cultural and social identification.

The mix of traditional and modern creates new urban rites and rituals, multiple memories, and a rediscovered identity. The rediscovery of colonial history through urban heritage and memory are in fact contradictory in symbolism and identity (Mignolo, 2000). The capacity of historical memory to coalesce politicized groups cannot be understood fully without recognizing that simultaneously, historical memories play critical roles and history is a way of recording, remembering, and experiencing the past. Historical memories are deeply rooted in a society and introducing a different history or a veneration of the colonial legacy through preservation and rehabilitation can reinforce already fragile social relationships. Historical memories suggest that contentious history cannot be separated from politics

and power relations. To the degree that the political life of a society remains contested, historical memory will be intertwined with that contestation. And yet the need to address the problem of contentious history is crucial for the urban rehabilitation of colonial sites.

Thus, world heritage can be regarded as a cosmopolitan project, as the sites mobilize world citizens, not locals, with a taste for the “other” and embrace a distanced identity, one that unites a universal idea of human kind, rather than the local (Pollock, Bhabha, Breckenridge, & Chakrabarty, 2000). Sites are transformed into spaces of representation, which is globally dispersed through media. However, behind the nominations and imagery is a complex set of actors in a highly politicized and contested process. Intricate political interplays between local government and national and international agencies, local organizations, developers, businesses, residents, and workers all with vested interests in urban revitalization can be witnessed.

As Mollenkopf has argued, the classic market approach to urban development can not adequately predict economic development strategies, rather factors rooted within the political system itself, not the economy, account for the actual program design (Mollenkopf, 1983). Mollenkopf claims that the evolution of urban programs is a result of competition between political entrepreneurs who aspire to strengthen their political position through the implementation of new programs which would increase their public base. These programs allow for the emergence of “progrowth coalitions,” or a group of diverse local constituencies with a stake in promoting urban growth. These new coalitions can push for the expansion of urban development programs and create new systems of alliances in the local political arena. In Quito, stakeholders and politicians used the opportunity presented by the world heritage designation and funds available to build a new political urban base which helped politicians gain and remain in power and the distribution of funds to politically connected groups. Progrowth

coalitions created a bridge between government, business, and the public resulting in political entrepreneurship and urban policies which aggravated already existing tensions. However, unlike the conditions Mollenkopf describes for American cities, the coalitions of Quito included representatives of the poor, and in some case improved the conditions of the urban poor instead of exacerbating them (Ibid). As Mollenkopf argued for American cities, the case of Quito replicated the new forms of conflict generated in the urban sphere. Heritage can create opportunities for new political alliances, but it can also create conflicts.

Once named a world heritage site, the state, conservation, and preservation of the site are of global concern. UNESCO and other local, national, and international actors become engaged in rehabilitating (if necessary) and preserving the site. This recognition often brings a sense of pride, forging the idea of community and citizenship around the particular site and producing national imaginaries (Anderson, 1991). However, it can also bring about or increase already existing tensions, as world heritage sites may be in use for other purposes when recognized. This was the case for historic center of Quito.

THE CITY AND CULTURE

Sharon Zukin contends that the city is not only a combination of land, labor, and capital, but an “expression of symbolic languages of exclusion and entitlement” (Zukin, 1995, p. 8). Additionally, these symbolic images are often marketized at both a national and global level. The historic center is a perfect example of how both a physical space and an image can be used as tools of exclusion and commercialization. The use of certain historical subjects as images and symbols which are produced and reproduced both locally and globally poses a dilemma with regard to power, space, and preservation. The ability to “democratize” the preservation of historic centers, through both use of space and image, by providing a fair and just process which is

inclusive of multiple histories and interests, can allow for the maximum respect for history, as well citizens. The historic center has the potential to be a public space for all, rather than a privatized space for a few. However, cultural economic policies can often result in the creation of exclusive spaces and tourist enclaves, as opposed to inclusive spaces of public life.

The concept of the cultural industries was first developed by Theodor Adorno and Max Horkheimer, in their critique of the industrialization of culture in advanced capitalist societies (Adorno & Horkheimer, 1977). For Adorno and Horkheimer, the industrialization of culture, and its absorption within capitalist industry and commodity aesthetics, meant the negation of true art and culture, and the artificial differentiation of cultural commodities in the context of overall standardization and mass production (Adorno & Horkheimer, 1977). Mattelart and Piemme argue that Adorno and Horkheimer developed a critique of the cultural industries that saw an ideal form of culture as one that was “too closely connected with nostalgia for a cultural experience untainted by technology and lost sight of the overall economic dynamics of the industries that provided mass communication and cultural goods and services (Mattelart & Piemme, 1982, p. 52).”

Since these early debates on the commodification of culture, a number of works on creative cities has been developed to generate effective cultural economic policies that can lift depressed cities out of economic crisis and market them in the global economy. Authors such as Richard Florida and Charles Landry have forged the idea of the creative class and the creative city as solutions to urban decline. Florida's *The Creative Class* focuses on the ability of a city to attract and maintain residents of the creative class, who then become the driver of urban economic growth (Florida, 2005). Rehabilitated historic areas are just one example of the types of attractions local government can invest in to draw the creative class to a particular city.

Landry argues that creativity is necessary to begin to address governance, trade, equity, cultural identity, and basic infrastructure issues, particularly in developing country cities, as well as developed country cities (Landry, 2000, p. 22). He cites cities such as Barcelona, Curitiba, and Bangalore as cities that combined excellent leadership with creative ideas in the pursuit of “successful cities.” Landry outlines 7 areas which the creative city must address.⁷ The sixth point is of particular interest with regard to historic districts:

Recombining the old with the new imaginatively – reconnecting the past with the present and re-presenting it in the future reveals untold assets. History is a huge undervalued resource and recombining the old and the new can trigger untold solutions by imaginatively linking ideas, perspectives, traditions, materials used, institutions, and structures created (p 259).

History in space, brought to life through historic districts, can provide one form of creative policies that cities can build upon. However, carefully incorporating some of the other seven points, such as addressing inequality and living inter-culturally must be carefully planned into such policies to avoid exclusion, marginalization, and gentrification.

According to Bianchini and Parkinson, in the 1970’s and 1980’s there was a reassertion of the city center as a “catalyst for civic identity and public sociability (1993, p. 10)” and the primary goal of the cultural policy was to enhance community building (Ibid). Cultural economic policy came later in the mid 1980’s focusing on recreating the image of a city, and less on creation of community and identity (Ibid). According to Harvey, such cultural economic policies, like urban heritage preservation and downtown renewal, “smack(s) of a constructed fetishism, in which

⁷ These include: (1) creating value and values simultaneously (2) transition from hardware to software solutions, such as improvements in governance and organization rather technology, (3) increasing resource productivity rather than labor productivity, (4) living inter-culturally, (5) valuing varied visions, (6) history, (7) the learning city (Landry, 2000 p 259)

every aesthetic power of illusion and image is mobilized to mask the intensifying class, racial, and ethnic polarization going on underneath (Harvey, 1989a, p. 21).” Planners and policy makers are faced with the challenge of constructing policies that promote economic development, but at the same time are politically and socially inclusive. Representing the historic center with just symbols and images that can build, not divide communities and promote sustainable local economic development is not a simple task. For the case of Quito, it’s physical deterioration over time requires not only significant investment for rehabilitation and maintenance, but also poses the problem of housing a low income population, not seen as compatible with tourist destinations (IDB, 1994).

URBAN HERITAGE MANAGEMENT AND ECONOMIC DEVELOPMENT IN THE ERA OF GLOBALIZATION

The availability of international financing and renewed popular interest in cultural and historic values has intensified conflicts between residents, local government, and international development agencies, as large scale historic rehabilitation projects have been initiated throughout the world. Both the World Bank and IDB have received an increasing number of requests from borrowing countries to consider loans for urban heritage conservation projects in order to develop cultural assets to both preserve cultural patrimony and generate income (World Bank, 2003). Regardless of motivations, cultural and historic preservation is becoming an increasingly important tool for economic, social, and democratic development, according to the IDB and World Bank. However, putting rhetoric aside, most projects tend to expand on the typical tourism and urban revitalization project, taking advantage of the central location and of the potentially valuable buildings and public spaces, rather than developing a comprehensive urban development strategy for historic centers.

A growing commercial heritage industry is commodifying pasts into heritage products and experiences for sale as part of modern tourism consumption. The adjective, *heritage*, is not only being applied to the provision of goods, but is also an integration of the cultural and economic domains. From this perspective, heritage can be organized into two distinct themes: the conflicts and tensions that arise from this multiple construction of heritage and the interaction of the production and consumption of heritage by locals and tourists alike.

As cities are sold like other commodities, place making has become one of the most important elements to attract tourists (Judd & Fainstein, 1999). According to Britton, the construction of a city's heritage requires a large dose of "mythology, folk memory, and popular fantasy (Britton, 1991, p. 463)." Heritage and architecture which represent the past can provide advantages in marketing the city, as opposed to places like Cancun or other new resorts without historical roots (Judd & Fainstein, 1999). Urban historic centers are obvious markers of heritage. In developing country cities, where crime and security are considerable obstacles, the result can be the conversion of the historic center into a tourist enclave, fragmenting the urban landscape, replacing the idea of place making within a city to place marketing. Place making, as defined by Lefebvre, is the struggle around rights to the city (Lefebvre, 1991). Lepofsky and Fraser extend this idea to the contested process of participation on both the production and meaning of a place, where citizenship plays a key role (Lepofsky & Fraser, 2003). Redevelopment of historic districts can represent new meanings for community and local identity when inclusive urban policies are considered.

Place marketing can be a powerful tool of local government and developers in revitalizing depressed urban areas. The historic center and the remaking of historic centers through redevelopment projects are processes of both place making and place

marketing. It can result in the privatization or semi-privatization of once public spaces, spaces of public culture. As tourist enclaves are formed to maintain the image that is marketed, police and private security forces can reinforce the differences between affluent tourists and local residents. Negotiating culture, objectives of local residents, and tourism is not simple, and someone is bound to lose out in the process. Bringing everyone to the table can result in long deliberations, particularly if the local government and organizations in charge of redevelopment have difficulty keeping an open mind, lack funds necessary to satisfy concerns of citizens, or if such concerns would interfere with project objectives. On the other hand, community commodification, may take place, as involving citizens can help insure that residents fulfill tourist expectations, especially where traditions and heritage of local residents are key tourist attractions (Taylor and Davis, 1997).

Urban development projects, such as the renovation of historic districts, waterfronts, and international landmark events serve to create a competitive position of the city in the global economy. Swyngedouw, Moulaert, and Rodriguez argue that urban development projects are just an extension of neoliberal forms of governance contributing to social exclusion and polarization, rather than fostering social integration and integrated urban development (Swyngedouw, Moulaert, & Rodriguez, 2002a). Urban development programs (UDPs) often lack integration of the city with the metropolitan region as a whole and are associated with new forms of governance, such as public-private partnerships and network governance. These new governance structures often diminish the role of government and the voice of the public, while that of experts is strengthened resulting in a loss of democratic accountability. UDPs are often criticized for being elitist in nature, catering to the middle and upper class constituency (Swyngedouw, Moulaert, & Rodriguez, 2002) or to business interests (Miraftab, 2004; Schaller & Modan, 2005). Urban policies have developed in parallel

to neoliberal economic policy, focusing on re-centering the city in a competitive global hierarchy; resulting in a recreating and re-imagining of the city both locally and globally to potential investors, tourists and developers.

Quito's regeneration rests on this assumption. The recreation of its image as a carefully preserved colonial historic center, as opposed to a sprawling informal market, will not only create an international tourist destination and improved real estate values, but also a space for leisure activities for local residents. The creation of a public private partnership was a cornerstone of the rehabilitation project. The Historic Center Development Corporation (ECH),⁸ now known as INNOVAR, like many public private partnerships, certainly removed some decisions from the public's eye; others were carried out in a more participatory spirit. However, in the end a small group of actors competed for the right to represent the public. In particular the vendor association leaders represented street traders to the municipality and created a new elite infrastructure of what was considered an otherwise marginalized population which generally operated outside of the formal political arena. The vendors are now actively engaged in local politics relating to the historic district. These new political spaces open as citizens renegotiate the power structures in urban landscapes, show the growing power leveraged by the once politically marginalized groups (Hanley, Ruble, and Garland 2008), as well as the new levels and spaces of governance.

Quito and the Barcelona Model

The initiative that sparked the idea of the creation of a public private partnership for Quito came from the IDB and the city of Barcelona, a successful example for urban heritage management through a public private partnership. Barcelona, a city renowned for its urban redevelopment in the 1980's, has become a

⁸ Empresa del Centro Historico

global image as model for urban renewal and a reference point for Latin American cities. According to Rojas and Castro of the IDB, “With Bank assistance, the Municipality of Quito (Ecuador) is attempting an approach similar to Barcelona’s in the rehabilitation of the central section of the large historic center (Rojas, 1999, p.13).” However significant criticism of the “Barcelona Model” exists, and given the drastic economic and political differences between Quito and Barcelona, its usefulness as a model is questionable.

Marshall argues that Barcelona “has acted as a staging post for Hispanic and Latin American diffusion (Marshall, 2000, p. 312);” a number of Brazilian and other Latin American cities have employed the services of Catalan consultants and contractors marketing the success of the Barcelona model (Arantes, Vainer, & Maricato, 2000). However, Barcelona’s urban planning export has not been limited to Latin America. Barcelona, the city, its government, citizens, and design professionals were awarded the RIBA Royal Gold Medal in 1999 for its urban strategy and design standards.⁹ British cities have incorporated aspects into their planning policies, as well as other European and Spanish cities (García, 2004). In addition, McNeill has argued that the “Barcelona Experience” is a “role model for the municipal left across Europe (McNeill, 2003, p. 74).” However, controversy surrounds the idea of the “Barcelona model,” with regard to both innovations in planning as well as socially and participatory oriented policies.

Barcelona has been recognized internationally for its unique approach to urban revitalization, initiated after the fall of former dictator, Francisco Franco and the reinstatement of democracy in 1981. The redevelopment of the city, especially under Mayor Maragall, focused on its modernization, linking public and private investment.

⁹ This is the first time a city and only time at present a city has been awarded this honor instead of an individual architect.

A key component of the urban revitalization process focused on the deteriorated and old neighborhoods in or around the historic district. The originality of the “Barcelona model” lies in the effectiveness of public sector leadership, significant political and social consensus, and deployment of a variety of political and planning tools which motivate large scale projects, as well as its open and collaborative nature (Borja et al., 1997; Monclus, 2003). Particularly around the 1992 Olympic Games, Barcelona transformed from an aging industrial city into a flexible, post-modern city improving its position within the urban hierarchy in Spain and globally (Monclus, 2000). Globalization provided both pressure and opportunity, which Barcelona capitalized on, recognizing the importance of city marketing and re-branding the image of the city internationally (Kearns & Philo, 1993; Ward, 1998). Few international landmark events provide the international exposure and opportunity for city re-branding and Barcelona took advantage of its selection to host the 1992 Olympic Games. This transformation has made Barcelona a competitive city within the national, European, and global network of cities (Trullén, Lladós, & Boix, 2002). Local reforms through new forms of governance, political strategies and creation of cultural capital, launched Barcelona as a competitive city within the global hierarchy and introduced, according to some, a distinctive approach to urban governance.

According to Pep Subiros, “the systematic use of urban planning as an instrument of civic policy to build a civic identity and new forms of community life based on an infinite variety of groups, interests, attitudes, values, and memories inherent in any large city” is what characterizes the urban revitalization process in Barcelona (Subiros, 2003, p. 292).” Rebuilding the city as a center of social and political life is not just a physical process of modernizing infrastructure, but of repairing the social and political fabric and healing the divide that exists among populations of different cultural, ethnic, and economic backgrounds. Barcelona

exploited the modest municipal resources available to develop an urban renewal strategy that brought together the rehabilitation of physical space and infrastructure with culture and history (Ibid, p. 295). Blakely describes the model as a “quality of life model,” relying on the development of new forms of economic growth to fund social policy and service delivery resulting in a reduction of inequalities (Blakeley, 2005; McNeill, 2003).

Barcelona employed a dual strategy of decentralization and citizen participation. However, decentralization is not necessarily linked to democracy, and democracy is not necessarily enhanced or extended through citizen participation. Decentralization of urban projects resulted in the creation of a number of public-private partnerships. Bel and Warner describe an example of street cleaning which was publicly coordinated, but all private service delivery. They argue that this model balanced concerns of residents and tourists, as well as public and private interests. This example could provide a model for other cities that seek to create a space for both economic development while promoting public life (2009, p. 532). The shift in governance toward the private-sector in Barcelona, particularly since the 1980’s and primarily in the form of public-private partnerships allowed private powers, not public, to dominate particularly in economic development. However, in a time of limited public funds and in a city where fiscal autonomy is limited, linking public and private investment was critical to financing projects and services (McNeill, 1999). Barcelona relies heavily on fiscal transfers from both the central government and the regional Catalan government. The central government still distributes the majority of public funds, as well as controls the port of Barcelona and the airport (Marshall, 2000; McNeill, 1999). Linking private sector investments with limited public sector funds was critical for both financing, as well as maintaining autonomy over projects without requiring Catalonia’s or Madrid’s approval. Although, Barcelona may have attempted

to incorporate social and environmental goals into projects, developers may be discouraged from investing, in contrast to publicly funded projects.

Citizen participation was meant to bring the city government closer to the public and formal frameworks were established through neighborhood associations. According to Blakeley, communication between the associations and the city council was fluid; however communication between neighborhood associations and citizens was much less frequent. Blakeley argues that associations became simple extensions of the municipality, diminishing the ability of the citizen participation framework to be a vehicle for empowerment and voice of the public (Blakeley, 2005). Marshall and Capel both argue that decisions were made primarily within an elite network and few ordinary citizens were aware, interested, or informed of the majority of projects (Capel, 2005; Marshall, 2000). Although direct participation may have been limited, Barcelona maintained ideals of public commitment especially in the areas of public space, transport, and some social programs such as health services (Marshall, 2000).

Barcelona promoted a new appreciation for the historic district, particularly in the reclaiming of public spaces (streets, squares, and parks); focusing on the regeneration of public space and the role public space can play in city renewal (Monclus, 2003). Approximately 150 projects were carried out in the 1980's for the recuperation of public spaces in Barcelona (Monclus, 2003, p. 407). This investment in public space, architecture, and monuments assisted in the creating and selling of cultural capital through re-branding; enhancing the identity of the city or region, in this case Catalan identity (Monclus, 2000). Maragall's "*Barcelona posa't guapa*" campaign "consolidated the perception of the citizen of the public landscape as a common and public good, which contributes to the improvement of the collective heritage and increases the comfort, tranquility, and sociability in the city (Ajuntament de Barcelona, 1992, p. 6)." In effect, the spatial, social, and economic changes which

took place were often justified by the council and mayor in the name of culture and heritage. In Barcelona, like in many other cities, incorporating culture into the economic realm is complex, particularly when considering the increasing autonomy of the Catalan region. However, Maragall has been careful to disassociate himself from the nationalistic and regional identity discourse (Balibrea, 2001).

It is important to recognize the major critiques of the “Barcelona model”; they include the semi-privatization¹⁰ and privatization of public spaces and services and the lack of incorporation of the urban area into metropolitan region (Capel, 2005, p. 37). Frequently urban rehabilitation results in the displacement and expulsion of local populations. There is contradictory evidence with regard to the situation in Barcelona (Balibrea, 2001; Capel, 2005; Marshall, 2000). Escalating real estate prices and buildings designated for demolition has displaced residents throughout the city. Grassroots organizations such as KRAX¹¹ and Forum Ribera del Besos have organized to defend citizens’ rights and minimize the impacts of urban renewal.¹²

The framework for urban revitalization derived from the “Barcelona model” assumes that effectively managed conservation of cultural and historic districts can achieve two interrelated goals: local economic development and strengthening of civil society and civic institutions. Given the contradictory evidence with regard to the impacts of the “Barcelona model,” caution must be used as the framework is implemented and “sold” in developing countries to mitigate the potential residential and economic displacement. Danger exists in selling an “under-theorized” model, particularly where power contexts are equally unclear (Marshall, 2000)

¹⁰ Semi-privatization indicates the use of mixed capital enterprises and ventures to finance public goods, including urban spaces.

¹¹ KRAX is derived from the concept cracks in the city: urban in-between spaces in which urban transformation processes conflict with local resident’s social and cultural needs.

¹² The author participated in meetings with both organizations in June and July 2006.

The use of mega-events, such as the Olympics (successful) and Forum 2004 (unsuccessful), as symbolic devices to boost local pride and establish a Barcelona brand reflects a top-down approach to cultural representation, with local identity being used as a marketing device. This has resulted in what Balibrea refers to as a “totalizing and coherent representation/meaning of the city” that is “hegemonically constructed... for the foreign viewer” and can lead to the “alienation and displacement” of the local citizen (2001, p. 189). Such displacement would in fact contradict the objectives of the model and aggravate social and economic tensions. The goal for cities like Quito is to achieve the image Barcelona has attained internationally, while mitigating problems of displacement and gentrification. However, as Swyngedouw argues, urban development policies are just extensions of the neoliberal agenda (Swyngedouw, Moulaert, & Rodriguez, 2002) and scholars already question the democratic and social policies of the Barcelona model, the likelihood of success under these assumptions is limited for cities like Quito.

Quito, unlike Barcelona, has yet to achieve a special image internationally. No mega-events like the Olympics have taken place.¹³ Gentrification and displacement have clearly occurred in the Quito project, although the municipality has made attempts in several instances to negotiate and alleviate the impact of this inevitable effect of rehabilitation. Similar to Barcelona, key actors, in this case vendor association leaders negotiated directly with the municipality leading to a new power structure and hierarchy which was not necessarily inclusive. In addition, ECH/INNOVAR, the public-private partnership, was able to make a number of decisions outside of the public eye¹⁴. Although the IDB refers to the Barcelona model

¹³ Miss Universe was hosted in Quito, Ecuador in 2004; the city paid US\$5 million for the right to host the pageant.

¹⁴ See Chapter 4 for a more detailed discussion of the ECH/INNOVAR

and Quito frequently in the literature, the municipal officials in Quito feel the connection is limited and that they have negotiated a unique project with the IDB.¹⁵ However, certain similarities such as the creation of a public private partnership and the representation of “the public” through associations can be clearly seen in the 1994 IDB loan proposal (IDB, 1994).

GLOBALIZATION, GLOCALIZATION, AND NETWORK GOVERNANCE

The multi-scalar understandings of glocalization have become increasingly prevalent in the literature on globalization. The most influential scholar in this approach has been Erik Swyngedouw. Swyngedouw’s idea of glocalization expresses the implications of spatial scales which help to shape global and local spaces, which are historically constructed and mediated through social relationships, bridging new possible levels for both action and inaction (Swyngedouw, 2004). New approaches to public policy such as “new governance” are characterized by the collaborative nature of government and other agencies and the challenges and opportunities created through this new network of collaborative actors (Salamon, 2002). The shift from centralized, hierarchical governance to organizational networks on a global is characterized by the establishment of interdependencies where government gains important new relationships with other agencies, but at the loss of the ability to exert complete control (Ibid, p. 11).

Network Governance

Collaboration, persuasion, and negotiation have replaced the former control of the state in a new network of institutional actors. For planners and managers, this means they must learn to create incentives for the outcomes they desire, in order to persuade the vast network of actors engaged in the program or policy, as authoritarian

¹⁵ Based on author interviews of municipal officials during fieldwork in Quito in 2007-2008

control has eroded. Network theory has four principle characteristics: pluriformity, self-referentiality, asymmetric interdependencies, and dynamism. Pluriformity illustrates the diverse range of organizations and agencies that cooperate and collaborate, many of which have limited knowledge and information about each other. Each actor or agency has their own interests and approaches the relationship with a different set of perspectives and incentives is illustrated through self-referentiality. Asymetric interdependencies illustrates the interdependent relationship of all actors in the network, including the state, highlighting the power differential among actors, as they rarely have the same power and perspective as each other. In situations when all actors agree on an objective, they may all not want it with the same urgency or sequence as others. Lastly, dynamism describes the fact that all of these features change over time (Salamon, 2002, p. 12-14).

These new levels, scales, and networks of governance can be witnessed as actors at the local, national, and global level compete in an ever more horizontal governance structure for power. Instead of centralized hierarchical agencies, most spheres of policy are characterized by a variety of policy tools, many of which place government agencies in a “complex, interdependent relationship with a host of third party partners (Salamon, 2002, p.3).” According to Sørensen, network governance challenges the hegemony of the nation-state from above by international organizations (political globalization) and from below by local government (decentralization) calling into question the fundamental foundations of liberal democracy, “the people” as the self-regulating sovereign, in a horizontal network governance system (Sørensen, 2002, p. 695). As the nation-state recedes, decline of the central government, and the role of the city, local government, and international institutions increases, a new framework is needed to examine the political and democratic processes, particularly patterns of inclusion and exclusion from said processes.

Sørensen argues that this fragmentation has indeed caused an intensified competitiveness in political battles, as a variety of levels of actors, including different levels of government, private organizations, firms, non-government organizations, and public-private partnerships fight for the right “to speak” on the behalf of the people, which can lead to the concentration of power among elites and limited democratic representation (Sørensen, 2002, p. 698).

Jessop extends this idea through meta-governance, governance through regulation or self-regulation, as increased autonomy of public and public-private institutions has eroded the traditional government structure (Jessop, 1998 and Sørensen, 2002). Meta-governance is the management of such complexities and pluralities that exist within the ever globalizing world and incorporates the idea of “negotiated decision making” as opposed to hierarchical and top-down decision making (Jessop, 1998).

Jessop identifies three general constraints affecting governance and heterarchy/self-organization: (1) cooperation vs. competition; (2) openness vs. closure; (3) governability vs. flexibility; (4) accountability vs. efficiency (Jessop, 1998, p. 41-42). Jessop describes cooperation as the largest constraint, particularly when quick action is necessary, and progress is held up due to consensus building. Partnerships often emerge, but as Jessop mentions, the tradeoff is often elite capture; partnerships often represent political and economic interests and often do not include a mechanism for inclusive citizen participation. The second constraint, openness vs. closure creates the dilemma of maximizing the possible range of coordination without creating an environment of short-term, opportunistic commitments. Therefore minimizing negative externalities of a closed system, such inefficient firms and underemployed workers can be difficult. Governability, the ability to guide, vs. flexibility, the ability to adapt, produces a number of dilemmas, primarily focused on

the complexity of the system, and again the ability to avoid duplication and outdated methods and maximizing resources and strategic capacities to create a balanced system through a horizontal system, not to fall into the danger of vertical top-down approaches. Lastly, accountability vs. efficiency poses the much debated dilemma of public-private partnerships and whether they serve the interest of the public or private interests, capturing public resources for private interests and/or extending the states interests into the private market. Frequently such structures, since they are marketized, leave social issues on the sidelines.

According to Jessop, meta-governance provides both institutional and strategic advantages. Institutionally through collective learning and the forging of interdependencies and strategically through developing shared visions which compliment existing governance structures/patterns, where the role of the state is a participant in a collective community of actors (Jessop, 1998, p. 42). As these new forms of governance emerge (networks, partnerships, etc) the role of the state is minimized and less centralized and converts to a mediator-like function among the actors. Jessop argues that this role is growing, particularly as governments decentralize and authority is dispersed not only among different levels of government but also outsourced to partnerships and private firms. Jessop also charges the state with the role of securing social cohesion in society, and therefore managing these relationships is critical.

The constraints of operating in a network governance structure can be witnessed in the historic center of Quito, as the municipality is forced to engage and manage a variety of actors, the global level from above and civil society from below. In addition, the pressure to make decisions that will move the project along in a reasonable time frame and at an affordable price, both financially and socially,

presents a complex mediator and coordinator role for the municipality, as the representative institution in this network of actors.

Globalization and Glocalization

Castells, in his foundational work, *The Urban Question*, set out to place cities in history and as an integral structure of the capitalist mode of production (1977). Lefebvre identified globalization as the contradictory process of integration and fragmentation which polarizes and differentiates urban spaces (1991). Both analyses demonstrate the reorganization of space in the urban context, due to both historical differences and forces of globalization. In a more extreme sense, Neil Smith argues that it results in the erasure of histories and geographies that created them, rewriting history through modernization and urban cleansing (1996). Holston argues that “Globalization is a process that generates contradictory spaces, characterized by contestation [and] internal differentiation... (1999, p. 193). It is important to examine these new spaces and pressures, introduced from above (national and global forces) and from below (civil society), particularly their impacts on urban spaces in the developing world.

As international economic and governance structures transform, the city and region emerge as a critical actors and the engine of economic growth, how do we begin to understand the remaking of urban spaces in the rapidly globalizing world? Such pressures are producing what Swyngedouw calls “glocalisation;” “the twin process whereby...institutional/regulatory arrangements shift from the national scale both upwards to supra-national or global scales and downwards to the scale of the individual body or to the local, urban, or regional configurations, and...economic activities and inter-firm networks are becoming simultaneously more localized, regionalized and transnational (2004, p. 1).”

As highlighted by Swyngedouw, the relationship between neoliberal economic policy (deregulation, privatization, decentralization, and labor market flexibility) and new urban policy (city marketing, shift from social to economic policy and new state entrepreneurialism) have led to urban development projects characterized by partnerships, privatization of public funds, real-estate development, and flagship projects (Swyngedouw, Moulaert, & Rodriguez, 2002b, p.548). The quasi autonomous entities formed from these structures in the name of efficiency and flexibility demonstrates a significant deficit with respect to accountability, transparency, and representation, where decisions are often made by boards, out of the public eye (Ibid). Although some projects may incorporate degrees of citizen participation, it is typically done in a highly formalized environment, maintaining existing power structures and dominant coalitions. The shift from centralized, top-down strategies to decentralized, network-horizontal forms of governance and planning has sometimes resulted in increasing inequality of the decision making process, rather than increased participation. Yet these processes are often legitimized for their superior ability to offer more inclusive, participatory approaches to planning and governance. In addition, UDPs frequently result in the dislocation of jobs and displacement of people, leading to segmented labor markets and a socially, economically, and democratically fragmented city. In cities where UDPs target traditionally marginalized populations, such as informal vendors or low-income groups, this is likely to occur. A participatory process may legitimize some actions; however the negotiations and transaction that take place may not be in the interest of all.¹⁶

¹⁶ Swyngedouw, et al. cite London, Brussels, Bilbao, and Lisbon as examples UDPs with high levels of autonomy of the managing organizations, which resulted in urban fragmentation and exclusion, as well as reinforcing the tendency to minimize and avoid social and political debate over strategy.

The case of Ecuador and the capital city Quito is an excellent example of a developing country and city in a constant process of decentralization and recentralization: however, also in the process of reinventing and recreating the capital city in an effort to re-structure and transform into a flexible, competitive, and creative city that drives local and national economic growth. The case of Quito saw a combination of all these ideas incorporated into the urban revitalization plan, as actors at a variety of levels competed to exert their vision of the historic district: UNESCO and the IDB at the international level, the local municipality and the national government in the nation state, the new public private partnership, INNOVAR, and the consultants, and other organizations that have arrived to fight for a piece of potential economic benefit or to secure their former residence or place of work in a potentially changing urban environment. The union of stakeholders into groups or formal federations consolidated actors which lead to the concentration of power and decision making among a handful of elite representatives and municipal officials. The burden of managing these actors fell primarily on the municipality of Quito. The ability to foster an open, accountable and participatory project, that is both efficient and flexible was a challenging task, and failed at many stages. As explained below, participation in an attempt to build consensus with the informal vendors resulted in what could be considered an inefficient and costly negotiation process which lasted over five years and in the end fostered a sense of paternalism with the relocated traders and a sense of abandonment by those left out.

The Informal Economy

Informality was first identified as a term by an ILO team of experts visiting Kenya and headed by Keith Hart in the early 1970s (Hart, 1972). The consequent debate about the informal economy has centered on the definition of the informal economy, the cause and functions, its capacity to generate income, employment, and

growth, as well as its links to the formal economy. According to Hart, the informal economy is characterized by a dualist economy, based on the distinction between the formal and informal or wage-earning and self-employment (Hart, 1972). Although Hart's original notion of the informal economy is limited to the self-employed, the introduction of the concept made it possible to incorporate activities that were previously ignored into economic development.

Perhaps the most widely accepted definition of the informal economy is that of Castells and Portes (1989, p. 12-13): it is a process of income generation that is "unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated." This absence of regulation can come either "from above" or "from below": from above, the state may choose not to regulate a given sector; and from below, individuals whose work is regulated by the state may choose to avoid complying with those regulations.

Bromley examined both the horizontal and vertical linkages of the informal economy with the formal economy through a case study of Cali's street vendors (Bromley, 1978). He argues that street vending is little more than disguised wage work, in a more precarious environment with little or no labor standards, whose employers evade government regulations. The informal and the formal economies are not separate sectors functioning independently, as Hart described, but rather are connected on a number of levels. Subsequent studies followed demonstrating similar analysis of Bromley's; arguing that strong links exist between the formal and informal economies (Beneria & Roldán, 1987; Portes, Castells, & Benton, 1989; Rakowski, 1994). Later Bromley and Gerry identified a continuum of informal or casual work, divided into four categories: short-term wage work, disguised wage work, dependent work, and true self employment (Bromley & Gerry, 1979). This continuum showed

both differing levels of security as well as inter-connectedness with formal activities in the informal or casual sector.

Early works about the informal economy focused on the split between the dualist approach (Hart) and the non-dualist approach (Bromley). Although the definitions differed, one point of agreement was that the informal economy existed and was a significant part of the economy. How to deal with it through policy also became a new concern of development agencies, NGOs and governments worldwide. In the early 1970's the ILO argued that the informal economy could stimulate growth through the creation of jobs, and had the potential to grow faster than the formal economy, particularly in developing countries (ILO, 1972). Weeks reinforced some of these ideas, arguing that there were advantages to the informal economy in developing countries, as it could produce low-cost goods for low income consumers; increasing the incremental employment/output ratio while ensuring efficient utilization of capital (1975). There certainly are advantages to the informal economy, particularly in its ability to create new employment, with little capital investment and absorb a sector of the labor force that has difficulty entering the formal economy for a variety of reasons (Chen, Khabvala, & Lund, 2002). However, small scale enterprises are often subordinate and dependent, operating within a complex network of local, national, and global economies, not a separate economy. Beneria observes that globalization has allowed for the recognition of these links through consumer campaigns (Beneria, 2003).

Globalization has had a profound impact on labor conditions in both developing and developed countries (Beneria, 2003). Increases in subcontracting, outsourcing, and deregulation have resulted in an ever increasing deterioration of labor market conditions. This has also resulted in an intensification of informalization. An increasing number of households rely on precarious and unstable work. The

growing informal economy in the developing world is characterized by a lack of legal status, precarious and unstable work conditions, and no access to social benefits.

According to Perez-Sainz, structural adjustment, diminishing public sector employment, and market deregulation have contributed to the decline of formal sector employment and further growth in the informal sector in Latin America (Perez-Sainz, 2000). Informality is no longer considered temporary or something that will eventually be absorbed into the formal sector. Rather it is viewed as a permanent and expanding part of the economy, particularly as formal opportunities diminish. Such conditions often imply economic insecurity and poverty for those working in the informal economy (Beneria, 2003),

Governments and development agencies had to decide whether to create policies that attempted to reduce or eliminate the informal economy, would stimulate its growth, or simply ignore it. The World Bank estimates that over 83% of new jobs are created in the informal economy and 40% of employment in urban areas is in the informal economy in Latin America (Charmes, 2000). In 2002, the ILO estimated approximately 51% of the non-agricultural employment in Latin America is informal; women are disproportionately represented with 58% of women's employment being informal and men's informal employment representing approximately 48% of total employment (ILO, 2002, p. 19). Informal activities in developing countries were and still are at a minimum tolerated by local and national governments and are more frequently stimulated by government and development policies; informality has long been a significant part of the economy that has developed with awareness of the state (Castells & Portes, 1989).

Regardless of the debates over the definition the informal economy, it is now a growing, not diminishing, part of the economy in both advanced and developing economies (Castells & Portes, 1989). However, the approaches have generally been

divided into two sectors, the legalist and structuralist. The structuralist approach can be divided into two parts. First, the ILO structuralist approach identifies two types of informal activities, survival strategies of the poor and the unemployed who have lost their jobs due to economic crisis, such as structural adjustment (Marquez & Portela, 1991). The underground/black market structuralist approach of the 1980's is characterized by economic restructuring and class struggle. It rejects economic dualism characterized by the early writing of Hart and the ILO, and describes the ways in which forms of productions and workers are integrated in local, regional, and international context of a network of formal and informal work (Beneria & Roldán, 1987; Beneria, 2003; Castells & Portes, 1989). It differs primarily from the development/ILO approach in that it views capitalist greed as a primary driver of the informal economy and recognizes its existence in advanced economies.

The legalist and pro-market approach is often synonymous with Hernando de Soto and differs primarily from structuralist approaches in the identification of the causes of informality. The legalist approach is in agreement with the structuralist in terms of informality representing a survival strategy for the poor. However it differs in that the underground structuralist approach identifies capitalism as the root cause of informality while de Soto and the legalists view the informal entrepreneur as an evader of government regulations in an effort to cut costs and “[a] spontaneous and creative response to the state’s incapacity to satisfy the basic needs of the impoverished masses (de Soto, 1989, p. xiv-xv).” This approach criticizes the state and bureaucracy, which often prevent the small entrepreneur from entering the formal market as well as fail in providing adequate employment. However, as Portes (1994) argues, this approach romanticizes the entrepreneur, fails to account for the exploitation of unprotected employees and falls short of recognizing that bureaucracy and inefficiency exist in advanced economies as well. De Soto argues that regulation

(and the bureaucracy linked to it) and labor protection disadvantage small firms, making them comply with regulations of large firms (1989). However, Portes contends the reverse, that large firms receive disproportionate advantages and that the removal of regulation, which the legalist approach recommends, would in fact hurt small firms by making large firms more agile and competitive relative to the small, informal entrepreneur (Portes, 1994). The case of Quito provides an example of a city which attempted to legally reduce regulation for informal vendors in an effort to achieve compliance over the use of space.

Political and Socioeconomic Marginalization

A common understanding of the term ‘informality’ centers on the idea of marginalization. On the political side, informal workers are often understood to be unable to organize, thus relegating them to the margins of social and political life (Carrión 1994). Roberts (1995) suggests that informal workers are petty entrepreneurs rather than employed workers and have “ambiguous class identities, malleable political loyalties, and a lack of autonomous organizational power (p.92).” The lack of perceived organization among informal workers also may help explain why street commerce has remained outside formal politics in urban centers throughout Latin America until recently. However, the cases of Quito, as well as other examples in Latin America such as Mexico City and Lima, demonstrate that informal workers are capable of organization and political engagement when their work spaces are threatened (Cameron 1991; Cross, 1998). The formation of organizations and associations can help facilitate coordination, make collective negotiations possible, and provide a mechanism for the enforcement of rules and regulations. Leaders can use their position to mobilize members behind negotiated agreements with the authorities and social pressure within organizations can facilitate compliance among

members. Without associations, street vendors may lack such enforcement and coordination mechanisms.

The absence of structured coordination may result in what outsiders perceive as chaotic interaction that characterizes many street markets. However, fixed post vendors in the historic center of Quito have formed organizations and the majority of vendors are part of an organization. Vendors who work on the same block or street also exhibit surprisingly high levels of social capital; many are part of strong migrant networks and it is commonplace for vendors at the same market to lend each other a hand by watching over a nearby post, providing a neighbor with change for a customer, or helping one another avoid police expulsions (Hanley, 2000). The idea that street vendors are unorganized is unconvincing for the case of fixed-post vendors in the historic district of Quito.

Marginalization can also appear as a socioeconomic problem that is thought to be common among informal workers. Early conceptualizations of the term ‘informality’ were often based on the notion that small-scale units outside the formal wage economy exhibit low productivity, low capital-to-labor ratios, and simplistic forms of organization. Yet empirical research on informal workers of all types has shown that many of these workers earn a substantial living by engaging in informal income-generating activities. The informal economy is not a euphemism for poverty. Evidence from Quito presented in subsequent chapters likewise shows that street vendors can be highly successful entrepreneurs who are deeply engaged in local politics. Leaders of vending associations are savvy strategists and employ the legal system, media, protest, and a variety of other tactics to press their demands. Thus, while some street traders make just enough to survive, others have lucrative businesses and substantial capacity to overcome marginalization.

Ecuador, employment, and women

In Ecuador, informality has expanded rapidly since the 1970's, due to industrialization, a series of economic crises, and the recent dollarization in 2000 which have resulted in the scale back of social programs and rising rates of formal unemployment (Beckerman & Solimano, 2002; Beneria & Floro, 2006; Floro, 1992). In addition, women earn on average only 65% of male earnings in urban areas and unemployment rates for women are double those of men, consistent with trends in other Latin American countries (World Bank, 2002). In a comparative study of households in Bolivia and Ecuador, Beneria and Floro found that urban women in informal households in Ecuador are exceptionally vulnerable, and often seek credit to meet basic needs. In addition intra-household incomes between men and women are not pooled, and women tend to be responsible for managing debt repayment (Beneria & Floro, 2006). Therefore, women's debt is their own, not household debt. Female headed households are approximately 21% of the total, with 15% located in urban areas (World Bank, 2002). Female heads of households have less education than their male counterparts and higher illiteracy rates (World Bank, 2002). As in other countries, women are a vulnerable group in Ecuador and more likely to feel the impacts crises, as well as any modification with the informal markets, good or bad.

In the historic center of Quito, prior to the relocation, approximately 68% of the vendors were women (IMQ, 1996). In 2008, 64% of municipal market stalls were registered to women (SDS, 2008); this indicates that a small number of women did not participate in the process. With regard to restructuring of the informal markets in Quito, there are three factors that could have contributed to unequal access for women in the municipal markets.¹⁷ First, women have limited bargaining power within the

¹⁷ Although the municipality subsidized the registration fee by approximately 50 percent, many small traders did not have the capital to buy into the market buildings. \$17 may seem like a small amount of money, but many traders earn less than \$1/day and are already in debt; others are successful

household. Second, the likelihood that women would be solely responsible for the debt, with regard to formalization policies or investments in employment and entrepreneurship could have interfered with their participation. Lastly, women's income is often considered secondary or supplementary, and the risk of the investment for the household may have outweighed the potential benefits. Empirical studies have shown that women often hold fewer assets than men, at least in terms of value (Deere and Doss 2006); the purchase of a market stall could have represented an accumulation of an asset for the women. As Deere and Doss point out, the accumulation of assets is critical for the security of women (Deere and Doss 2006). The overall high participation of women in the modernization of informal commerce in Quito could give these women the necessary assets for accumulation or could result in a burdensome debt.

Informality, Negotiation, and the Historic Center

According to Rakowski, bringing the informal economy into the policy arena can lead to empowerment and democratization (Rakowski, 1994). As Perlman argued in 1976 the poor are not politically marginalized and readily enter the political process when possible. However, Roberts argued that political mobilization over urban demands is often difficult to sustain, as officials buy off and or placate demands (Roberts, 1995). Cameron observes that those in the informal economy are just as pragmatic as formal firms, as they support groups and institutions that provide services they need to survive (Cameron, 1991). Empirical studies have demonstrated this to be the case, particularly in reorganization informal workers in the historic districts of Mexico City and Lima (Cameron 1991; Cross, 1998).

entrepreneurs and attempted to purchase multiple stalls. See chapter five for a further discussion and description.

My research in Quito to a limited extent supports these findings. The municipality employed a different approach than Lima and Mexico City to the formalization or modernization of the informal markets.¹⁸ The relocated traders still remain semi-informal, as they do not pay sales or income tax and are exempt from other labor laws. In addition, the municipality pays for a number of services related to the maintenance of the markets, which they believe is necessary to keep the traders in the markets and off the streets. The behind the scenes negotiation and the latter paternalistic attitude is often portrayed by local newspapers and academics as corrupt, as traders leaders are accused of accepting gifts and other preferential treatment in exchange for guaranteeing the maintenance of their association members off the streets. The municipality describes the project as the most successful element of the rehabilitation, resulting in a reduction in the corruption of the traders associations and local mafias, as well as the creation of a dignified work environment for the traders.

HISTORIC CENTER AND INFORMALITY

Although historic districts in Latin America may traditionally house local and national government buildings, since the 1970's these areas have seen drastic changes. As wealthy residents have left for newer accommodations and improved services, historic centers have been left to deteriorate. The services are often poor, public transportation limited, and many cities such as Lima, Quito, and Mexico City have seen the historic districts transformed into the locus of informal markets, catering to low cost and contraband products, as well as low cost housing. This rapid conversion into the heart of informal street vending has resulted in the occupation of plazas, sidewalks, and public spaces.

¹⁸ See Chapter 5 for a further discussion.

In Quito, the rapid expansion of informal commerce in the historic district took place in the 1970's, although trading in public spaces, particularly the plazas, has always occurred, well before the concepts of the historic district or informal economy existed. This expansion, in the form of both ambulant traders and fixed stall street vendors has prompted a long battle over the use of public space in the historic district between the vendors and the municipality. The Municipality has also attempted to regulate the vendors with varying intensity and force over several municipal administrations. Since Quito's designation as a UNESCO world heritage site and subsequent investment by the IDB, these tensions between the traders and municipality have escalated. The case of Quito exemplifies a space where heritage preservation and rehabilitation of historic districts is closely intertwined with the informal economy.¹⁹ For Quito, this has resulted in a long negotiation between the municipality and historic center street vendor associations, primarily representing fixed stall vendors.

This dissertation focuses on the negotiation and relocation of fixed stall vendors in the historic district of Quito, which occurred due to the convergence of competing interests over the use of public space in the historic district. The standard definitions of informality rooted in an absence of regulation do not adequately capture the condition of street vendors with fixed stalls in the historic district of Quito. The fixed stall street vendors of the historic district of Quito, often referred to as informal vendors²⁰ in municipal documents, are neither formal nor informal; rather, they border on formality both before the rehabilitation of the historic center and afterwards.

¹⁹ See chapter 4 for a detailed history and discussion of trading, street vending, and planning in Quito.

²⁰ They are also referred to as *comerciantes populares* (people's merchants), and *comerciante minoristas* (small scale retailers).

The vendors who set up fixed stalls on the streets of the historic district create a unique set of public policy problems that has attracted municipal intervention for decades. Municipal officials have issued endless streams of policy measures which attempt to regulate vendors and reduce the impact of these problems. However, street vendors with fixed stalls also had strong incentives to become regulated, in a limited context. Complying with regulations legitimates their claim to space and gives them the right to occupy public space in the historic center for the purpose of private commerce. In addition, this semi-regulation can constrain the ability of the municipality to use repressive measures to remove them from the streets. Regulation can also help vendors defend their space from potential competitors, particularly in strategic commercial areas such as the historic center, where space is limited. The historic district of Quito, particularly prior to the relocation in 2003, was considered such an area, where vending space was at a premium and membership in a traders association necessary in order to set up a market stall on the street and occupy public space.

Municipal officials and street vendors therefore both faced strong incentives to formalize street commerce through regulation. However, each side is confronted with conflicting incentives over the implementation of individual elements of formalization. For the municipality, imposing taxes, licenses, and other kinds of regulations can help control chaos and congestion in the streets and subsidize the municipal expenditures related to street vending, such as sanitation. Ceding too much autonomy to vendors can also constrain their ability to enforce policy. For street vendors, regulations can legitimate their position in the streets, but they can also impose considerable and sometimes excessive costs.

Each side is confronted with incentives to selectively implement certain elements of formalization, and those incentives frequently change over time. As a

result of these conflicting incentives, street vendors and municipal officials are engaged in a constant process of negotiating the terms of formality. The conflicts and tensions between vendors and the municipality arise not necessarily over the issue of formalization, but rather over the specific terms of formalization. The negotiations over the terms of formality are conditioned by changing political circumstances at both the national and local levels. Policy incoherence at the national and municipal levels may constrain the ability of local-level officials to enact effective formalization measures. At the local level, the balance of power between vendors and municipality influences the incentives for and against the elements of formalization. These factors explain why the street vending sector in the historic center of Quito is characterized by a semi-formal relationship and a continuous cycle of negotiation and conflict between the associations and municipality. The conflicts that arise out of these tensions over regulation and semi-formalization intensified in Quito after the UNESCO designation in 1978 and the IDB loan in 1994.

PLANNING AND POWER

The profession of city planning was established from a vision of the *good city*, though how to achieve this vision and the idea of the good city have changed over time. Its roots lie in the 19th garden city of Ebenezer Howard, in Baron Haussmann's radical redevelopment of Paris, and in the ideas of the city beautiful movement from Patrick Geddes and Lewis Mumford. While history shows that approaches to achieving the good city and planning differed in their visions and orientation toward democracy, their foundations lie in the desire to order and improve the chaotic and unhealthful character of the industrial city. Their common purpose was to achieve efficiency, order, and beauty through the imposition of reason.

Critique of rational planning and top-down, non-local solutions has led to the emergence of collaborative, consensual, and negotiated planning processes. These

processes have attracted attention from both theorist and practitioners as rational, technical, and master plan models of planning have been considered authoritative and undemocratic. Wide participation, in the urban planning context, has been justified as the means of balancing multiple interests outside the traditional top-down rational model. However, the participatory paradigm provides at best inadequate justification to the planning process, as participatory processes also necessarily exclude some groups.

The Rational Model and the Master Plan

The rational model and the physical master plan were the dominant, late-twentieth century modes of planning practice throughout the world. This approach sees planning as a deliberative, problem solving process. This classic model usually ended with production of a master plan and its potential implementation in the form of legislation, regulation, or proposed projects and programs (Alexander, 1998). The master plan often took into account the functional and economic determinants of urban activities and their proper aesthetic and spatial relationships (Beauregard, 2003 p. 100). Beauregard argues that the master narrative is often incompatible with the urban form; the objective of orderliness, functional integration, and social homogeneity are no longer realistic. However, the master plan is not dead, and many planners search for ways to impose technical expertise and/or a grand vision such as a master plan in the planning process (Ibid, p. 119). Opponents of this top-down approach criticized the distributional consequences of these approaches questioning who benefited from planning efforts. Displacement of low-income urban inhabitants is considered a consequence of rational planning and the lack democratic ideals and failure to integrate racial, ethnic, and gender planning. This led to the development and debate of participatory planning, the communicative model of planning, and the

idea of the just city, which has attempted to incorporate a more balanced mode of planning.

Communicative and Collaborative Planning

The participatory approach in the public planning domain has become institutionalized as a method of good planning practice as opposed to the rational hierarchical approach. In the public sphere, especially in community planning, democratic principles and public participation have become increasingly accepted as means for balancing and rationalizing multiple interests and preferences. The objective of participation is to forge consensus among interested parties, including planners, decision-makers, citizen groups, advocacy groups, and other stakeholders outside the traditional decision-making setup.

The theory of communicative action by Jürgen Habermas has lent a foundational basis to John Forester's argument for participatory planning and use of narratives. Forester argues that planning by its very nature is politically deliberative and not entirely personally reflective (Forester, 1999). The communicative planning paradigm asserts the need to discover and balance stakeholders' interests while marginalizing the fringes. It unduly privileges the communication among participants and necessarily excludes individuals and groups who cannot participate. Participatory planning aims at justifying actions directed at changes towards a better 'future', with the consent of the 'present' (Kaza, 2010). However, the participatory planning paradigm has been conflated with the end of the process, namely the forging of consensus between various groups (Innes, 1996; Margerum, 2002) or community action (Harwood, 2003; Reardon, 1998). Participatory planning is typically meant to deflect criticism that planning appears to be top-down, an instrument of the state which encroaches on personal freedoms. By enabling wide participation in the

planning procedures in the public realm, checks are meant to be instituted against power imbalances.

The end objective of participation is a consensus to a particular course of action that may or may not be represented in formal documents such as plans. Any justification for wide participation in public planning procedures has to make an argument that participation, especially of previously marginalized individuals or groups, will lead to just states or, in a particular urban planning context, to ethically more acceptable planning processes. A justification for consensus as an end of participatory processes appeals to the idea that when various groups consent to a particular program of action it is more easily realizable and the process of building shared understandings will open up new avenues for collaboration.

Both Forester and Innes recognize the reality of the power imbalances and modify communicative rationality to suit planning purposes. They account for the fact that systematic distortions of information do occur and are perhaps necessary. Huxley argues that access to information and participation, as in the case of other social processes, is skewed for different groups and planners have an ethical responsibility to correct it. Huxley also recognizes that planners, by strategically manipulating information, can persuade others of a particular view of reality and therefore the end objective is not consensus but pragmatic consent (2000).

It is also pervasively believed and accepted that local problems need local solutions by local people. While the goals of the argument, to advocate a more vocal and legitimate representation of local interests (Healey, 1997) in the solving of a problem are a worthy cause, it fails to identify that local interests are rarely a cohesive entity. Sager contemplates the dilemma of communicative planning by asking,

How can participants show empathy and be so open to the arguments of the other actors as required in communicative planning, and simultaneously be

skeptical and critical enough to avoid being manipulated (Sager, 2002, p. 242)?

Hillier argues, recognizing the legitimacy of stakeholders and encouraging them to participate allows a fuller range of views to be aired than would otherwise be possible (Hillier, 2002). However, stakeholders are essentially opportune collectives and individuals with a vested interest in a particular discussion. Thus to organize these collectives, one would need sufficient grounds to prove that the organization would benefit from engagement or direct action. Participatory decision-making does not overcome the power differential or improve upon representation in terms of cost, reliance on knowledge, or opportunities for radical views to be heard. However, the process of participation may justify specific practices in specific situations as a substitute or complement to representative democracy. Therefore, eliciting consent typically involves shaping or changing preferences of individuals and entities. The costs and benefits are not purely economic and can include non-quantifiable entities such as loss of social standing.

Healey uses the term collaborative planning to describe the process by which participants arrive at an agreement or action that expresses their mutual interests (Healy, 1997). She argues against a structuralist or political economy approach by contending that people do not have fixed interests. Healy also identifies two practical problems of communicative planning in practice. First is the gap between rhetoric and action; participation may end with a consensus and agreement, but may end there with no future implementation. A second practical problem of communicative planning is the lengthy time required for such participatory processes, leading to burn-out among citizen participants and disillusion as nothing ever seems to get accomplished.

The failures of planning during the peak of the master plan and urban renewal programs substantiate many of the objections to top-down expert-driven planning and make desirable the communicative and collaborative turn in planning. Nevertheless,

the cruelties of massive clearance programs were not simply the result of deference to expertise; business and political interests, not experts, constituted the power base on which the urban renewal endeavor was mounted, and the experts directing the programs were almost all physical determinists drawn from the design and engineering professions rather than planners and housing analysts (Gans 1968).

THE JUST CITY

Just-city theorists fall into two categories: radical democrats and political economists (Fainstein, 2000). The radical democrats differ from communicative planning theorists in that their concept of participation goes beyond the involvement of stakeholders, but rather believe that progressive social change results only from the exercise of power by those who previously had been excluded from power (Harvey, 1992). The political economy group takes an explicitly normative position concerning the distribution of social benefits (Fainstein, 2000). According to Sandercock, a theory of the just city values both participation in decision making by relatively powerless groups and the equity of outcomes (1998). However, a persuasive vision of the just city needs to incorporate an entrepreneurial state that not only provides welfare but also generates increased wealth; moreover, it needs to project a future embodying a middle-class society rather than only empowering the poor and disfranchised (Fainstein, 1997). The just-city perspective must take into account that the results attainable through public policy are seriously constrained by the economy. Therefore even when the principal concern is not economic, economic interests limit possible courses of action. It also needs to incorporate participation in public decision making because benevolent authoritarianism is unlikely (Fainstein, 2000).

Just city theorist seek to interpose the planning process between urban development and the market to produce a more democratic and just society and work from “the basic premise . . . that any distributional conception of social justice will

inevitably be linked to the broader way of life in which people engage" (Smith 1997, p. 21).” The argument is that while there may be no universal standards of good and bad, there are criteria for judging better and worse (Smith 1997; Fainstein 1997). For communicative planning this means practices that allow people to shape the places in which they live; for just-city theorists it concerns the development of an urban vision that also involves material well-being but which relies on a more pluralistic, cooperative, and decentralized form of welfare provision than the state-centered model of the bureaucratic welfare state.

Local Problems, Local Solutions?

Community based development is an important part of development assistance; it refers to projects that include the beneficiaries in design and management. Participation is the cornerstone community based project, in an effort to acquire and incorporate local knowledge. According to the World Bank, in 2002 approximately \$7 billion of the development portfolio was dedicated to community based development, while in 1996 only \$325 million was lent for community based projects (Mansuri and Rao, 2004). Community based development is viewed as a mechanism for making development more inclusive, enhancing sustainability, empowering the poor, building social capital, decreasing corruption, and strengthening governance (Dongier et al, 2001). However, investigation into the effectiveness of community based development suggests that it is not effective in poverty reduction or in adequately including the preferences of the poor in project design or management and the participatory and community inclusive process is often dominated by elites (Mansuri and Rao, 2004). This is due to the fact that better networked and better educated groups are often able to capture the benefits of the project than poorest and least educated. There are a number of case studies that demonstrate when heterogeneity of the community is carefully managed the poor and

marginalized can play a significant role in community development (Finterbusch and Van Wicklin, 1989; Khwaja, 2001; Rao and Ibanez, 2003; Katz and Sara, 1997).

However, Katz and Sara note that staff training is critical and even well trained staff can be ineffective in overcoming entrenched forms of exclusion (Katz and Sara, 1997). Women may even be more susceptible to due to their weak bargaining power (Argarwal, 2001). Mansuri and Rao argue that community development projects can lead to poor project design and outcomes that are at odds with the intention of the project (Mansuri and Rao, 2004). Community development projects pose the difficulty in minimizing the replication of power structures in participatory process to include the marginalized in order to minimize elite capture.

The case of Quito is characterized by a combination of planning models from the master plan to the just city and community involvement. Several master plans have been developed since the 1940's until present. The municipal government has instituted a policy of participatory planning described in both plans and by employees as holding a vision of social welfare and democratic ideals. However, this process has been characterized by many of the weaknesses of the participatory process described above: lengthy time investment, costly information distribution, the consolidation of power among a handful of individuals who claim to represent the majority, and the lack of technical expertise and planning which may have led to poor project design, limiting the social and economic benefits of the investment in the future.

CONCLUSION

The examination of historic districts as contested spaces, both physically and symbolically, characterizes them as spaces of struggle in the contemporary city. The careful selection of symbols and imagery, the manner in which the city, state, and local government engage citizens, tourists, real estate investors, and international donors must be carefully considered in the rehabilitation of historic districts. In post-

colonial states, the manner in which images and symbols of colonial domination are portrayed may require more cautious consideration. Local economic development is critical to the sustained importance of historic districts and tourism can obviously provide substantial income. However tourism often provides low-paying, service sector jobs for the majority, while reserving parts of the city for certain people and excluding others. How can the rehabilitation of these spaces bring the urban community together, rather than further fragmenting already divided groups? The use of historic preservation as a way to increase cultural capital and re-brand the city in the international arena, particularly for developing countries can take a heavy toll on the local population, as well as municipal budgets. These impacts can be exaggerated when actions are justified by global institutions, acting in the name of all humanity, but forgetting about those that live and work in site. Considering whether and how urban heritage management can connect democratic, social, and economic urban development through carefully planned inclusive strategies is critical as urban preservation projects are being developed throughout the Americas. Unless historic preservation is rooted in local struggles for justice and equality, preservation projects are in danger of representing the growing division between class and race that exist in Quito and other Latin American cities; a new gentrification with a UNESCO stamp of approval. Or can heritage really open spaces that can lead to securer conditions for workers, a better environment, and a historic space that can be enjoyed by both tourists and locals?

The following chapters of the dissertation illustrate the changing patterns of informal commerce within the historic center of Quito and the potential impact of rehabilitation with regard to tourism and economic development. Two key arguments frame the discussion. First, policy contradictions at multiple levels of governance pressure the municipality to administer the historic center in a certain manner, as well

as manage the street vendors in a way that is considered compatible with a heritage site. Second, at the municipal level, the balance of power between street vendors and the municipality influence strategy choices made on both sides of the negotiating process. Mayors often align themselves with certain political factions; they can implement favorable formalization policies to certain vendor associations who supported their election. The development of allies and enemies of street vendor associations shaped the strategies and negotiating process, as well as the final outcome of the modernization process in Quito. Lastly, the ability of the municipality to implement and enforce policies with regard to vendors and public space effectively influences the likelihood of a sustained rehabilitation of the historic district. Hostile municipal administrations, organized opponents of street vending, and pervasive corruption and incapacity at the municipal level have facilitated a cycle of instability with regard to street vending in the historic district.

The events that have led up to the recognition of Quito as a world heritage site and the subsequent international investment in the historic center leads us to reflect on the idea of world heritage and the management and development of sites. Heritage and the interpretation of heritage as a universal colonial history is a singular interpretation of what are often complex and heterogeneous spaces. Management of the sites under varying scales of governance with even more diverse visions for the site make the possibility for successful economic, social, and democratic tenets to be incorporated into regeneration projects nearly impossible.

The argument therefore places planning and policy at the nexus of the intertwining of the informal economy and heritage management and urban transformations in historic districts. Fixed stall street vendors in the historic district are not difficult to manage because they evade regulations or fail to organize. Rather, decades of laws and ordinances show that the inability of the municipality to enforce

the regulations is more of a problem. Street vendors in Quito are deeply embedded in struggles over regulation and its impact on their ability to generate income and working conditions. The municipality is invested in re-branding the historic center both locally, nationally and internationally as a tourist destination, a site of world heritage with renovated buildings and open plazas, free from the obstructions, congestion, and deterioration caused by the vendors. This long struggle reached its culmination in 2003, when after decades of attempted regulation, and years of negotiation, the street vendors moved off the streets and into municipal constructed commercial centers to clear the way for a large scale rehabilitation of this UNESCO world heritage site. The chapters that follow examine this process and impact on the street vendors, the site and its long term viability as an economically productive historic center, as well as the spaces of convergence and divergence among the different levels of governance and key actors.

CHAPTER 3

Quito in History

In Latin America, the historic center is often a space where the richness of cultural heritage is often contrasted with the poverty of the residents. Many local governments have been confronted with tasks of balancing the provision of basic services to the urban poor in historic centers and preserving the cultural heritage of cities. Quito's history as a city related to its emergence as UNESCO world heritage site holds a long and rich history which predates the Spanish conquest. This chapter provides an overview of the physical and socio-economic characteristics of the city as well as a brief introduction of the history of Quito, its urban transformations, in the context of national events that have impacted the growth of the city and the transformation of the historic center from the core central area to a center city slum. The history, pre-colonial, colonial, and modern, is necessary to understand the present economic and political circumstances that have led to the transformation of a once quiet Andean settlement to the emergence of a Spanish administrative center and to what is today a site of world heritage and a colonial historic center of international recognition.

PHYSICAL SETTING

Ecuador is located in the North Pacific coast of South America (figure 1). It is divided geographically into three regions: the coastal lowlands (*costa* or *litoral*), the Andean highlands (*sierra*), and the westernmost beginnings of the Amazon basin (*oriente*). During the colonial period, these three regions' economies functioned largely independently of each other even though all three were joined in the administrative district of the Audiencia de Quito, which stretched from present-day southern Colombia into northern Peru (figure 2).



Figure 1: Map of South America, elaboration Lisa M. Hanley 2010

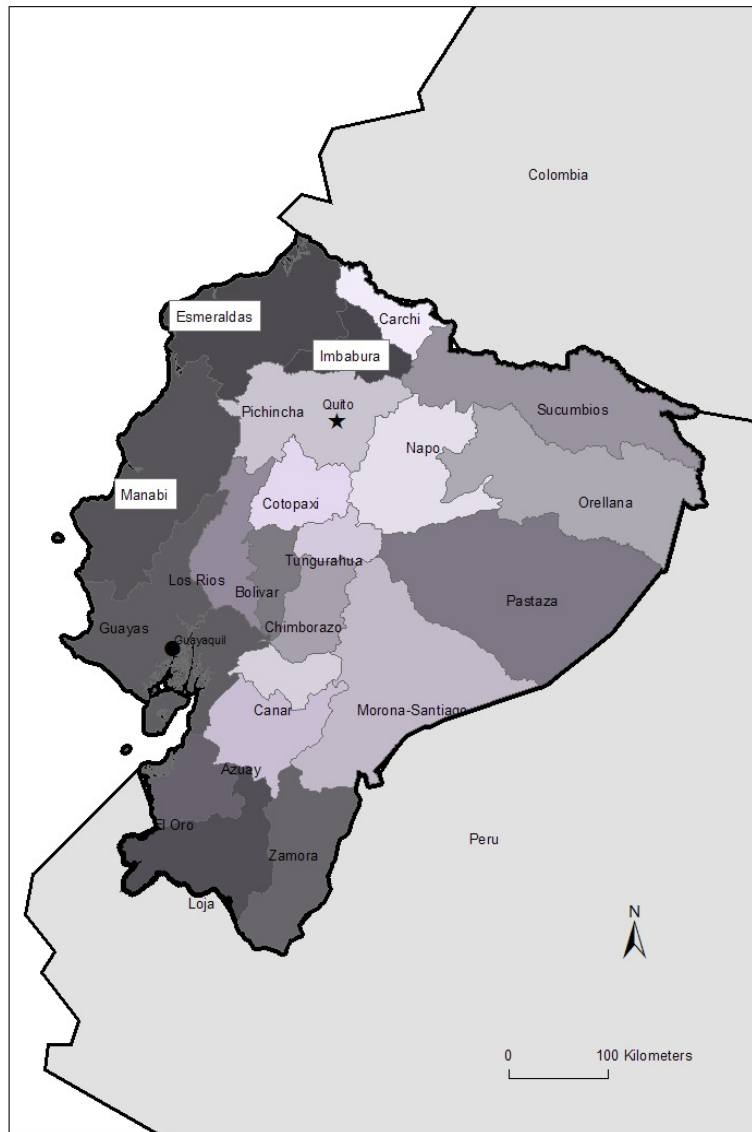


Figure 2: Map of Provinces of Ecuador, Elaboration Lisa M. Hanley 2010

The city of Quito is located 24 kilometers south of the equator, and is the second highest capital in Latin America, with an elevation averaging 2,850 meters. Quito is located in a valley surrounded by the Andes Mountains that include two active volcanoes, Pichincha and Pululahua. The city's geographical location has subjected it to a number of natural disasters including volcanic eruptions, earthquakes,

and mud slides; the city is also considered at high risk for lava flows and ash storms. A number of natural disasters have plagued the city including powerful earthquakes that have killed thousands, left scores homeless, and caused incalculable damage to infrastructure, including historic buildings. The most recent destructive earthquake occurred on March 5, 1987. This magnitude 7 earthquake killed approximately 1,000 people and is considered the most destructive earthquake with regard to the physical heritage of the historic center, in particular churches and bell towers (Benavides, 1988). Quito's climate and vegetation are typical of the high equatorial area, with average temperatures ranging from 50-60 degrees Fahrenheit and receiving an annual rainfall of 1,000 millimeters. Although Quito has grown significantly, the historic center still remains centrally located within the modern city. This is perhaps due to Quito's unique geography, as spatial growth is constrained.

POPULATION GROWTH AND SPATIAL DEVELOPMENT

Quito's growth from the colonial to modern period began slowly. In 1680 the estimated population was 40,000, however in 1906 it was only 51,858 (Minchom, 1994, 135).²¹ The physical area expanded from approximately 43 hectares in 1537 to 97 hectares in 1748, and 238 hectares in 1888 (Lara, 1992, 315). However, by the 1960's both Quito's population and spatial area began to increase rapidly as a result of urbanization and migration (table 2).

Since 1950, only six official censuses have been taken in Ecuador: in 1950, 1962, 1974, 1982, 1990, and 2001 (INEC, 2008). From 1950 to 1990 the metropolitan

²¹ Michom's source is the Archivo General de Indias, Seville.

Table 2: Growth in Area and Population of Urban Quito 1534-2001

Year	Total hectares	Population (Urban area)
1534	8 – 9	1,000
1537	43	3,000
1650	n.a.	25 - 35,000
1680	n.a.	40,000
1748	97	58,000
1780	117	59,000
1825	130	65,000
1850	n.a.	75,000
1888	238	85,000
1906	n.a.	51,858
1922	294	n.a.
1941	497	150,000
1950	n.a.	211,000
1974	6,902	600,000
1982	11,760	866,472
1990	n.a.	1,105,526
2000	19,135	n.a.
2001	n.a.	1,388,500

Sources: Gomez, 1980; Hardoy and Dos Santos, 1984; Lara, 1992; Minchom, 1994; Sheck, 1969; PDM 1 and 6, 1992; Direction of Territorial Planning, 2008

region grew in population from 275,399 to 1,388, 500, a 485% increase in just 40 years.

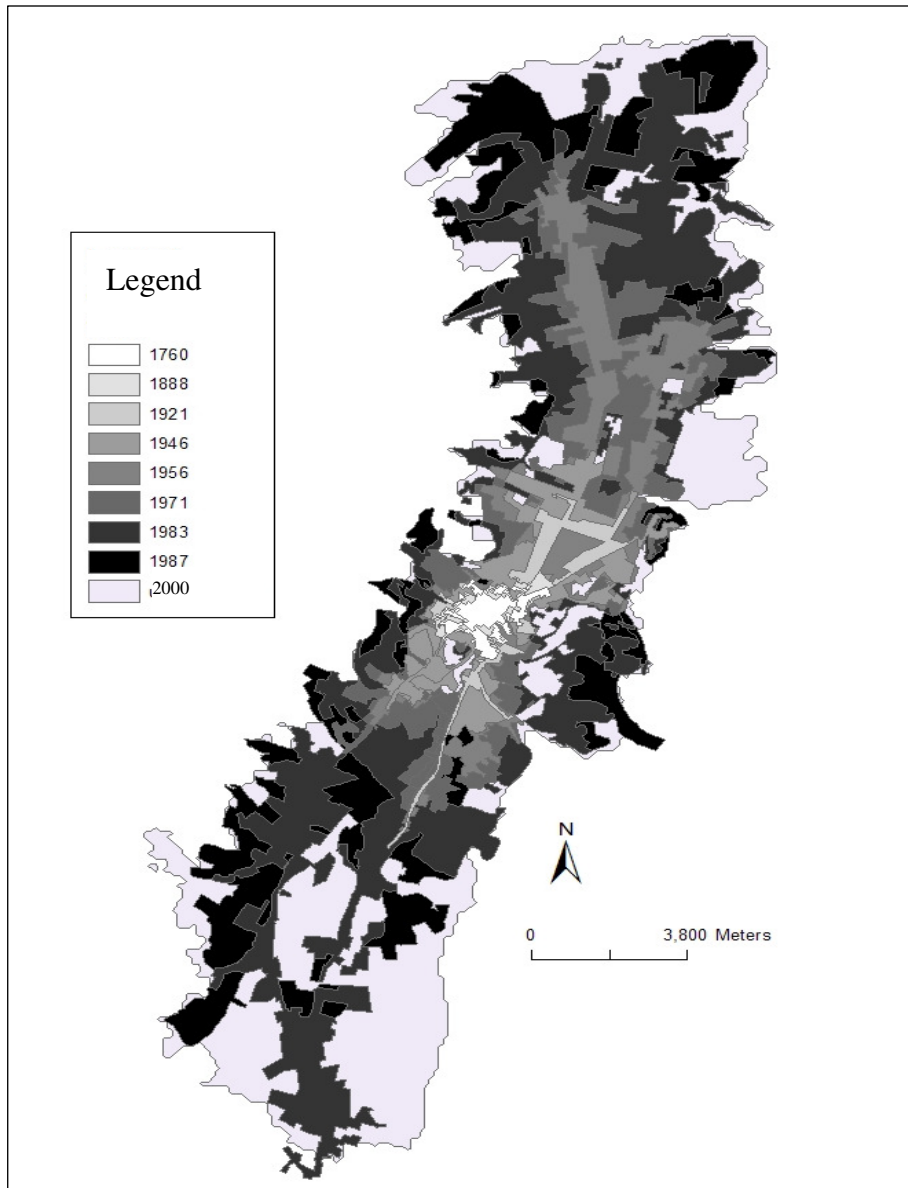


Figure 3: Growth of Urban Quito 1760-2000, Elaboration Lisa M. Hanley
Source: DMQ, 2008

The most recent census estimates the urban population at 1,388,500 and the metropolitan region has a population of 1,842,201 in 2001. In 1990, the urban population was 1,105,526 and the metropolitan region was 1,388,500. The population growth between 1990 and 2001 was 2.2% for the urban population and 2.6% for the

metropolitan region (figure 3). These growth rates have created a demand on housing and infrastructure that the city has often struggled to meet. Since 2001, demographic growth has slowed according to estimates by the municipality.

The rapid population growth since the 1950's has resulted in a lengthening of the city on a north-south axis. The spatial growth has been limited to longitudinal growth due to the physical constraints of the city; its location in a river basin surrounded by volcanoes making a circular or east-west growth impossible. However, in recent years metropolitan growth to the east valleys has taken place, changing the traditional north-south linear structure of the metropolitan region (figure 4).

SOCIO-ECONOMIC CHARACTERISTICS OF QUITO AND THE HISTORIC CENTER

Quito is located in a relatively poor Andean nation. This capital city has high rates of poverty, with the historic center faring worse than the average in most cases. Although the city has grown, the historic center has actually lost population over time. In 1978, the population of the historic center was 99,894 (IMQ, 1979). However, by 1990 the historic center had a population of 58,300 and in 2001 just 50,982. The historic center symbolizes the ethnic diversity and poverty of Quito, as low-income residents worked and resided in the area for many years prior to rehabilitation.

The majority of population of the historic center identifies as Mestizo, as do most residents of Quito. However, the self defined indigenous population residing in the historic center is approximately 8% of the total population, compared to about 3% for rest of the city (table 3).

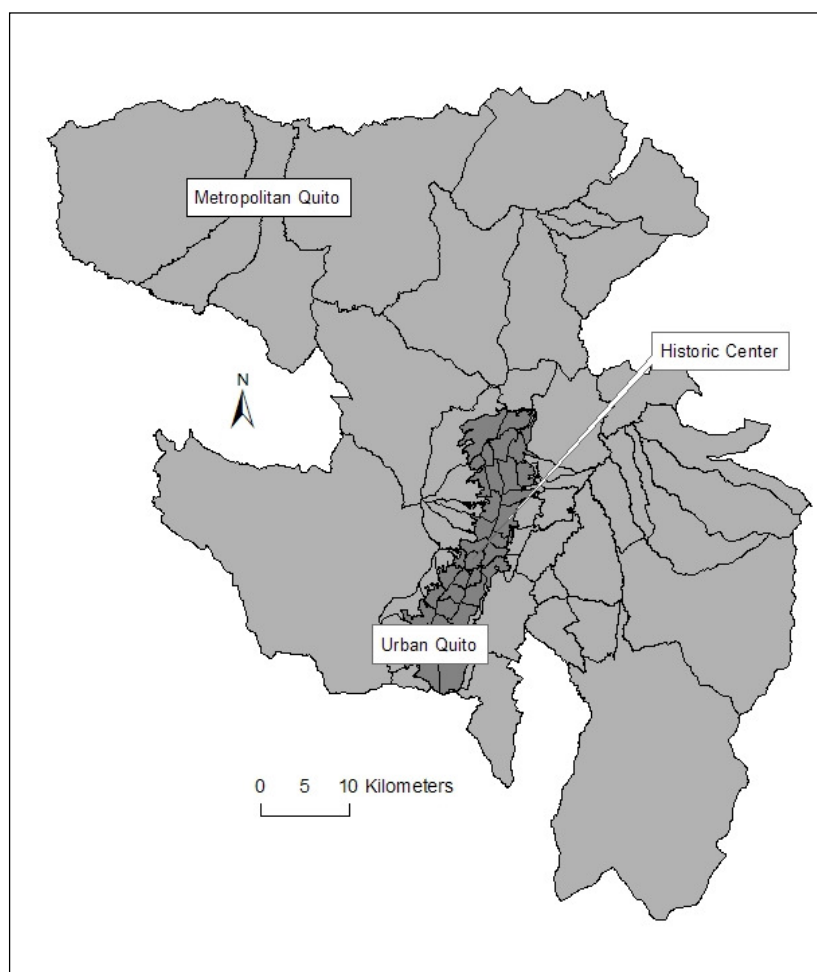


Figure 4: Map of Metropolitan and Urban Area of Quito, Elaboration Lisa M. Hanley
Source: DMQ, 2008

The levels of primary and secondary education for the historic center are slightly better than the rest of the city. However, it has a significant proportion of residents without any education, and those with a college or post-graduate degree are significantly lower than the city of Quito (table 4).

Table 3: Ethnic Composition of Quito and the historic center

Ethnicity	Metropolitan Quito			
	Men	Women	Total	Percent
Indigenous	30,686	30,548	61,234	3.3%
Black	11,282	11,127	22,409	1.2%
Mestizo	723,368	760,638	1,484,006	80.6%
Mulato	17,650	17,283	34,933	1.9%
White	108,594	126,917	235,511	12.8%
Other	2,136	1,972	4,108	0.2%
Total	893,716	948,485	1,842,201	100%
Urban Quito				
Ethnicity	Men	Women	Total	Percent
Indigenous	21,364	20,949	42,313	3.0%
Black	8,628	8,597	17,225	1.2%
Mestizo	542,863	577,275	1,120,138	79.9%
Mulato	13,577	13,234	26,811	1.9%
White	88,209	104,469	192,678	13.7%
Other	1,806	1,681	3,487	0.2%
Total	676,447	726,205	1,402,652	100%
Historic Center				
Ethnicity	Men	Women	Total	Percent
Indigenous	2,363	1,835	4,198	8.2%
Black	285	186	471	0.9%
Mestizo	19,831	20,256	40,087	78.6%
Mulato	534	452	986	1.9%
White	2,437	2,711	5,148	10.1%
Other	41	51	92	0.2%
Total	25,491	25,491	50,982	100%

Source: INEC 2001

The illiteracy rate for the population above 10 years of age in the historic center is 3.5% for men and 5.0% for women, which is slightly higher than the average for the city, which is 3.0% for men and 4.9% for women (INEC, 2001).

The poverty rates in the historic district are, on average, higher than the rest of the city. In fact, only 15.6% of households in the historic district are considered not poor and 20.9% are considered chronically poor (table 5).

Table 4: Educational Achievement

Level of Education	Historic Center		Urban Quito		Metropolitan Quito	
	Center	Percent	Quito	Percent	Quito	Percent
None	1,542	3.6%	31,708	2.7%	53,490	3.5%
Primary	14,838	34.2%	374,637	31.7%	522,750	33.8%
Secondary	19,508	45.0%	514,522	43.6%	662,747	42.9%
College	7,328	16.9%	252,643	21.4%	299,597	19.4%
Post-Graduate	123	0.3%	7,826	0.7%	7,826	0.5%
Total	43,339	100%	1,181,336	100%	1,546,410	100%

Source: INEC, 2001

Although the poverty rates are high in the historic center, the availability of public services tends to be accessible in the general population. The old structures and the chronic subdividing of buildings have resulted in shared bathrooms for many of the dwellings. The availability of public water, sewage, garbage collection, cooking fuel, and electricity are about the same or slightly better than the rest of the city (table6). Overall, the historic center can be considered a relatively poor neighborhood compared to the rest of the city, regardless of the rich history and concentration of physical and cultural patrimony of the area. Quito's early years illustrated a different picture of the historic center, as the nucleus of the elite and upper classes.

Table 5: Levels of Poverty

Description			Metropolitan District	Urban Quito	Historic Center
Basic needs not met (NBI)	Poverty	Household %	22,2%	19,9%	21,2%
		Population	467,358	328,107	14,188
	Extreme Poverty	Household %	8,2%	5,9%	3,2%
		Population	205,242	116,354	2,484
	Poverty Index (Living below the poverty line)	Household %	43,5%	42,9%	80,9%
		Population	813,738	613,478	41,739
Integrated poverty	Chronic	Household %	16,9%	15,1%	20,9%
		Population	371,666	260,087	14,337
	Structural	Household %	13,6%	10,7%	3,4%
		Population	300,921	185,694	2,403
	New poor	Household %	26,6%	27,8%	60,0%
		Population	442,072	353,391	27,402
	Not poor	Household %	43,0%	46,4%	15,6%
		Population	727,521	600,251	7,101

Source: INEC, 2001

It took centuries for the historic center to deteriorate, and today the historic center is in a state of transition again, as millions of dollars have been invested to rehabilitate the area.

Table 6: Public Services and Utilities

Access To	Metropolitan District	Urban Quito	Historic Center
Potable Water, Public Network	91,0%	93,2%	98,9%
Potable Water, inside house	78,0%	82,9%	80,2%
Sewage, Public Network	83,4%	91,7%	98,6%
Garbage Collection	90,0%	95,3%	98,0%
Availability of Electricity	97,6%	98,3%	98,9%
Toilet - Exclusive Use	78,4%	82,6%	69,3%
Shower - Exclusive Use	68,9%	70,8%	50,0%
Energy for Cooking - Gas	96,2%	97,4%	94,8%
Availability of Telephone Service	58,4%	61,9%	50,4%

Source: INEC 2001

INDIGENOUS BEGINNINGS: THE PRE-COLONIAL CITY

Latin American cities were built on the foundations and convergence of two urban traditions: that of the pre-Columbian civilizations and those of Spain and Portugal. Most Latin American cities, although not all, were built on the foundations of indigenous settlements.²² The decision to locate cities on existing indigenous sites generally fell within an overall plan for the control of the indigenous population and extraction of resources. The indigenous population was left to adapt itself to the new spaces and symbols of the Spanish cities, which were not so different from the previous Incan order (Hardoy, 1975). Quito is a classic example of total destruction of virtually all evidence of a former civilization by the Spanish. Only one small piece of the evidence remains, the foundations of a watch tower on Mount Pichincha. This site

²² Lima, Peru is a noteworthy exception of city that was built totally new.

today includes a manifestation of the new conqueror's religion, a statue of the Virgin Mary (Crespo, 1977).

Prior to the arrival of the Spanish, Quito was on the brink of emerging from a pre-Incan agricultural village. Between 500 and 1500 the first inhabitants of Quito, the Quitus, settled in the valley that is now the modern day capital of Ecuador. It remained a settlement of the indigenous nation Quitu and was a principal economic and religious center of the region. Between 1470 and 1500, the Incan Empire began its conquest to the northern part of the Andes, and conquered the settlement of Quito. By the year 1500, the Incan Empire extended from Southern Columbia to Northern Chile and Argentina. The Empire was divided into two main political centers, in Cuzco, Peru, and Quito, Ecuador. The new Inca city was built by Tupac Yupanqui and his son Huayna Capac. What little is known about the pre-colonial city is through the account of the Spanish conquerors. These accounts indicate that the Inca city was an agricultural center and rural retreat for the Inca royalty. As the capital of the northwest quarter of the Incan empire, Quito was the center of the regional government and military command for the region, as well as a focal point of trade, collection of taxes, culture, and religion (Sheck, 1969, p.26). The Spanish were more impressed with the landscape than the city itself. After Atahualpa, the Inca King, was murdered by the Spanish, the city was burnt to the ground by Rumiñahui, one of his generals, in order to take the glory away from the Spanish of capturing the city (Hardoy, 1984, p. 39).

THE BEGINNINGS OF THE COLONIAL CITY

The destroyed Incan city was transformed to a colonial city after the Spanish conquest of the 16th century. The Spanish first reached what is present day coastal Ecuador in 1526. However, Pizarro did not arrive until 1532 and the Spanish did not dominate the region until 1535. Pizarro led an expedition to the site where he found an abandoned and destroyed city. Pizarro set out to erect a Spanish city to be called San

Francisco de Quito. In 1547, Quito was declared an administrative and religious center for the region, and functioned similarly to those introduced previously in Mexico and Peru. The administrative role of Quito was strengthened when it was made a seat of the Real Audiencia, the judicial center of the Viceroyalty of Peru's northern region in 1563, and later in 1740 the Real Audiencia of the Viceroyalty of New Granada.

During the colonial period, all urban functions were primarily related to imperial administration. The colonial city was a place where a representative of the Spanish crown exerted control over all aspects of society, including economic, political, and socio-cultural. The primary economic function of the colonial city was to provide raw materials for the mother country, Spain. The Spanish opened up Latin American cities to the mercantile system. However, little economic growth occurred in the Latin American city during this era.

Quito as a Religious and Cultural Center

During this time Quito was also designated as a religious center. This role was strengthened when Quito was granted a seat of the bishop in 1544, and later of an archbishop. This designation had two important impacts. First is the development of Quito as an educational center. The San Andres School was founded in 1555, and two universities, the San Fulgencio and San Gregorio were founded as early as 1603 (Crespo, 1977). Religion, the arts, and education were all supported by the region's rich agricultural lands that provided the necessary wealth to support the building activity that characterized Quito's first 300 years of colonial existence. Thus Quito during the colonial period was the center of political and religious control over a territory approximately the size of modern day Ecuador (Ibid).

Since the 16th century, Quito has been the home of a powerfully original form of Baroque art that evoked both European influences (the mudejar tradition, the Gothic tradition, Mannerism) and Indian traditions, known as the Quito School. The

Franciscans played a major role in the creation of this art. The colonial origins are traced to the school of Artes y Oficios where the first indigenous artists in Quito were trained. The works of the Quito School are characterized by the combination and adaptation of European and Indigenous features. European features incorporated Flemish, Italian, and Moorish influences. The features illustrating its indigenous roots include the portrayal of characters with mixed traits, frequent appearance of ancestral indigenous customs, location of the scenes within the Andean countryside or cities, and the presence of local flora and fauna. The works of the Quito School were produced during the sixteenth to eighteenth century with strong colors and elaborate decoration. During its height in the 17th century the art was characterized by a baroque style. Well known artists from the Quito School include sculptors Bernardo de Legarda and Manuel Chili (Caspicara) and painters Fray Pedro Gocial, Hernando de la Cruz, Nicolas Javier de Gobiari, Miguel de Santiago, and Manuel de Samaniego (Banco Central de Ecuador, 2009; Albornoz and Arevalo, 2000). The art decorated the religious buildings of the time in the form of painting and sculptures, but also as a part of the physical structure. The art of the Quito School can be viewed today as it is displayed in many of the churches and religious structures of the historic center or in important museums such as the Banco Central of Ecuador and the Museum of Colonial Art in Quito. Quito's designation as a religious center and the subsequent establishment as an important artistic center during the colonial period certainly contributed to its recognition as world heritage site.

Economic Functions of the Colonial City

Quito's economic functions expanded as the Spanish used a number of institutions to control and exploit the region's resources and labor. The *encomienda* system was first introduced by the Spanish and was similar to the *ayllu* system of the Inca's. In essence, the *encomienda* system gave the *encomendero*, land owning Spanish

elite, the right to request tribute in the form of tax and labor, which replaced that previously claimed by the Incan elite. Tribute was paid in gold or goods at prices fixed by the Audiencia and no labor was accepted as a form of tribute. Although these reforms increased the Crown's tributes and decreased the encomendero's power, due to the loss of control over labor, there is little evidence suggesting that it improved the conditions of the indigenous population. The encomienda system was never as important of an institution in colonial Quito as it was in Peru or Mexico, since it was rapidly replaced by the reformed tribute and mita system (Cushner, 1982).

However, in the 16th century, the Spanish Crown grew concerned with the political and economic control of the encomenderos in the Audiencia of Quito and abolished the system, converting the control of indigenous labor from the encomendero to the Crown. A new class of appointed officials emerged, the *corregidores de indios*, who were responsible for Indian welfare and the regulation and organization of Indigenous labor. The *corregidores de indios* administered a new system of forced indigenous labor where tribute was directly regulated by the Spanish Crown. This system was known as *mita*. The workers, referred to as *mitayos*, were assigned work on a rotating basis for periods up to one year. The *mitayos* were paid wages but were not allowed to accumulate capital. At any given time up to one fifth of the indigenous population was subject to mita demands by the Audiencia. The mitas in Quito were used to build the city, cultivate land, extract mineral deposits, and establish a textile industry (Schodt, 1987).

This system produced three social groups within the colonial society. The upper class was comprised of peninsular Spanish who monopolized the high civil offices directly appointed by the Crown. The Spanish born and Creole elites whose wealth was in land or commerce and who typically purchased lower ranking civil positions, and the distinctly less privileged group of magistrates, clerks, and clergy

either Spanish born or Creole. The second social group consisted of mixed race mestizos who occupied service and craft positions and were regarded as socially inferior. The third group, at the bottom of the social hierarchy, was composed of the indigenous population and black slaves, mostly found on the coast (Schodt, 1987).

Due to the lack of mineral resources in the Audiencia of Quito, land took on an added value, particularly as cities grew and agriculture became profitable. In the late 1540's the Audiencia approved an ordinance to grant lands that belonged to Indian towns to newly arrived Spaniards. By 1589 so much land had been distributed that the Audiencia ceased supplying newly arrived Spaniards with land. In the end, by the late 16th century large numbers of the indigenous population were landless or owned so little land they could not support their family. The result was a large population of landless wage laborers who were bound to their employers in a system of debt peonage known as *concertaje* (Cushner, 1982). ²³

The growth of the agricultural industry in the early 1700's led to the emergence of the hacienda system in the highland or Sierra of present day Ecuador. The hacienda system essentially consolidated the two older forms of land and labor management, the encomienda system and the corregidor de indios/mita system. The hacienda had a permanent resident labor force known as huasipungeros who had the right to a plot of land in exchange for their work on the estate. Their work usually consisted of at least four days of agricultural labor combined with other domestic chores. In essence, the huasipungeros worked full time on the hacienda for the right to farm a subsistence plot of land.

²³ This influenced the growth of Quito in the modern era, when mechanized forms of agriculture were introduced, resulting in a large influx of migrants.

Town Planning and the Laws of the Indies

The Spanish followed a very rigid system of land settlement and town planning in the form of formalized written rules and regulations known as the Laws of the Indies. The Laws of the Indies were a compilation of royal edicts concerning the planning of cities issued by the Spanish crown beginning with the establishment of Santo Domingo in 1501. From a standpoint of urban planning, what emerged over time was a set of 148 ordinances dealing with site selection, city planning and political organization (Crouch, 1982).

In 1523, the Laws of the Indies were written and became the first planning legislation in the Americas. The Laws of the Indies were based on Greek and Roman colonial building laws, which took into account the quality of soil, availability of water, suitability for defense, among other site selection factors (Hardoy and Gutman, 1992). These laws established consistent standards for design, which included plaza size, street width, orientation of gates and walls, location of government and administrative buildings, and the subdivision of land into lots. Few modern cities in Latin America escaped the patterns implemented under the Laws of the Indies and many characteristics of the spatial pattern can be seen in cities across Latin America today, such as Quito. As a result of these regulations, the distance from the central plaza, the most exclusive and convenient area of the city, meant a decreased social and economic standing in the Americas in this period. However, this is no longer true for many Latin American cities today, including Quito.

When the Spanish founded Quito, it had a population of approximately 1000 and an area of eight or nine hectares (Sheck, 1969, p.67). The first plan for the city was drawn by Captain Juan Diaz de Hidalgo in the mid-sixteenth century. This plan shows land divided into solars²⁴ (lots) measuring 150 square feet. The solars were

²⁴ Four solars formed a block of about 1/4 of an acre.

distributed among the original 204 Spanish settlers and sites were also designated for religious and government buildings (Gomez, 1980). The upper classes and dominant religious and government institutions were located in the center, and the residences and institutions surrounding this core were of declining status with distance from the center. In Quito, as with other colonial cities, the focus of the city was the central plaza, for Quito the Plaza Grande. In Quito, the Plaza Grande is bordered by the cathedral, the Archbishop's Palace, the Municipal Hall, and the Governor's Palace (today, the presidential palace). Surrounding buildings were major churches, cloisters, and residences of the Spanish elite. Beyond the residences were shops, workshops, and the homes of middle class residents, such as clerks, merchants, and artisans. On the outskirts of the core were the poorest residences, those of manual laborers and Indigenous people. Quito was organized into six main parishes at this time (parroquias): El Sagrario, Santa Barbara, San Marcos, San Sebastián, San Blas and San Roque, which today make up the parish of the historic center.²⁵ The elite dominated the central parroquias of El Sagrario, Santa Bárbara and San Marcos, while the outlying districts of San Sebastián and San Blas mostly housed indigenous agricultural workers living under quasi-rural conditions. The largest mestizo population congregated in San Roque, an artisanal center on the northwest (Minchom, 1977, p. 30-31). This socio-racial organization of space clearly demarcated a structure of power in which proximity to the center indicated status.

THE ARCHITECTURAL HERITAGE OF QUITO

The Spanish colonial city was a functional city, serving as the center for trade and government, both an agricultural and religious center, rather than an architectural

²⁵ The term parroquia initially referred to a religious parish. However, it has become a civil denomination and it is in this fashion that the word will be used in this dissertation.

work of art. Quito in the sixteenth century was a simple city, with plain architecture. The Plaza Grande was surrounded by unadorned Hispanic homes and further away laid the choza style houses of the indigenous population, as illustrated in the drawings and paintings of this period (Peralta and Tasquer, 2007). The majority of buildings that today form the fabric of the historic center of Quito were built in the seventeenth century, with a few major exceptions. The sixteenth century exceptions include the church of San Fransisco and its surrounding buildings (1573-1581), the convent of San Augustin (1581), and the cathedral of Quito (1572). Significant religious building surviving the 17th and 18th centuries include the convents of Santo Domingo and La Merced, the annex to the cathedral, El Sagrario, the church and school and La Compania de Jesus, and the monasteries of La Concepcion and Santa Clara. The “casa del patio” was the popular residential style of the Spanish elite, and continued into the republican era with minor modifications. Today, an example of traditional colonial residential architecture known as the *Casa de los Siete Patios* was purchased by the city council in 1976 and rehabilitated in 1991 with the financial assistance of the Junta de Andalucia.

Most of the surviving public buildings were rebuilt and expanded in the nineteenth century. These include the Palacio de Gobierno, Palacio Municipal, Palacio Arzobispal, and the Teatro Sucre (Peralta and Tasquer, 2007). These and other buildings and monuments, regardless of their deteriorated condition, and the overall preservation of the colonial planning structure contributed to Quito’s inscription in the World Heritage List. Today there are 4,286 buildings and monuments in the historic center registered as historical structures: 42% are considered religious architecture and 58% civil architecture (Inventario de Areas Historicas, 1988).

THE POST-COLONIAL CITY (1833-1925): THE REPUBLICAN PERIOD AND LIBERAL REVOLUTION

The post-colonial city is the product of independence in Latin America. The small young capitals of Latin America were re-planned, incorporating baroque lines against an architectural background formed by already existing buildings and monuments. Tree-lined avenues and public parks were created, but were far less comprehensive than the European and American transformation. The post-colonial city in Latin America is characterized by its commercial and industrial nature. It was equipped with more services and a variety of economic functions in comparison to earlier years. However, in spite of the newfound political freedom, the former colonies remained economically dependent on Europe. Additionally, the spatial extent and population was much larger than the colonial city, due to the influx of rural migrants and improved health and hygiene conditions (Schodt, 1987).

Independence

In 1822, Ecuador gained independence from Spain. Independence changed the political structure and the geography the country; however it had relatively little impact on the economic and social structure of the society. The economy was regionally divided and poorly developed, with few links to the outside world. As the capital city, Quito retained its role as the administrative and political center, only without any responsibility to Spain. The physical organization also remained the same; the central plaza remained the focus of the city and the socio-economic hierarchy of the colonial period in tact.

The Liberal Revolution

At the end of the nineteenth century Ecuador began to enter capital markets with the export of cacao. Britain, France, and USA began to invest in the small Andean nation and Ecuador's international isolation began to diminish. A civil war

erupted in 1895 between the land owning elite in the sierra and the agricultural export capitalists of the coast, in what is known as the “Liberal Revolution.” The liberal coastal elite emerged victorious under the leadership of General Eloy Alfaro. The liberals sought to reduce the power of the church, the largest land owner in the country at the time, remove obstacles to free trade, and ensure the flow of cheap labor to the coastal plantations (Schodt, 1984). The liberal policies benefited the coastal export economy; however, the concentration of land ownership in the highlands remained unaffected.

After decades of little change in the basic structure of the city of Quito, dramatic changes began to take place under the new liberal government in 1895. A railway from Guayaquil to Quito was completed in 1908 (Sheck, 1969, p.80). New commercial and industrial activities were established such as textile manufacturing and banking, and a new urban working class emerged as migrants from the rural highlands were drawn to Quito in search of employment opportunities. The change from a primarily administrative city to an economic center impacted the physical and socio-economic structure of the city, as Quito began to produce not only for internal consumption but also for capital markets. Most of the new industry was located between the city center and the rail terminal, which was located on the southern edge of the city. Migrants and the urban working class began to settle in around this new industrial hub (Ibid).

Cacao Boom and Bust

From 1885 to 1920, cacao represented between 65 and 70 percent of all exports (Schodt, 1987, p.36). However, by 1930 international competition and disease resulted in a decline of cacao production. Large numbers of workers were dismissed from plantations and began to flood urban areas. In addition the Sucre, the national currency, was devaluing rapidly causing inflation and increased cost of living. This

contributed to deteriorating conditions in the highlands as well as a breakdown of the agricultural labor system. The national economic problem of the 1920's and 1930's contributed to major changes in Quito. The city's population continued to increase with migrants and a residential segregation of socio-economic classes began to emerge on a north-south axis, the middle and upper classes concentrating in the north and the popular classes to the south. This marked the beginning of the exodus of the upper classes from the residences in the city center, the location for the urban elite since Quito's founding.

The physical geography of the valley limited the city expansion to the east or the west. To the south of the city center lay the industrial district along with working class neighborhoods, so the elite began to settle in the flat area north of the city center. The residential shift by the upper classes took place for a number of reasons. Public works projects financed by the state initiated expansion on the outskirts of the colonial city including improved transportation, public services, and low density development that attracted the elite to the northern area. Other improvements in local infrastructure, including the introduction of electric lights, a sewer system, potable water, and a tramway network, marked the beginning of a new spatial pattern for the city. In addition fear of civil unrest and crime prompted the elite to physically separate their residences from the working class areas in the south. The historic center residences formerly occupied by the elite were increasingly inhabited by migrants' and the working urban class. In stark contrast to the nineteenth century, a shifting sense of the spatial distribution of the city paralleled the demographic rise at the turn of the twentieth century. The traditional colonial city followed a radial pattern from the center outwards; the modernization of transport initiated an expansion of the city on a north-south axis that still exists today. In effect, Quito began to shift from a radial socio-spatial map to one arranged about a longitudinal north-south axis. The migrants'

growing presence can be considered one of the fundamental shifts in the social and cultural landscape of Quito. At this time the new urban dichotomy emerged which persists today, Quito antiguo and Quito moderno, the old and the new city. The new migrants and long term residents would not only bring about conflicts in social and cultural terms, but also contributed to the new spatial transformation of the north and south.

The municipality's interest in planning the city's subsequent development grew during the remainder of the 1930's, though efforts were routinely hampered by lack of funds given the country's economic crisis. As the decade and the worst of the crisis abated, the municipality began to consider the possibility of a master plan. In 1942, following years of discussion and preliminary studies by foreign and national urbanists, the Uruguayan architect Guillermo Jones Odriozola submitted the first draft of his soon approved Plan Regulador. Although it would be many years before Jones' plan was fully implemented, the transition from radial to longitudinal socio-spatial orientation had been essentially determined. A corresponding shift in the economic and social structure of the city paralleled Quito's spatial reconfiguration (Kingman, 2005).

However, churches and plazas continued to function as focal points, many in the historic center. Surrounding the church and plaza of San Francisco, stores specialized in the sale of grains, jewelry, and the renting and selling of carriages and later automobiles. The church of Santo Domingo marked the principle entry of the city and was considered the transportation hub. The surrounding areas were transient in nature where the primary trade of the city passed through. The Plaza Grande and San Blas were known for their fruit and milk markets. The major indigenous market could also be found here with vendors selling products and crafts from the country side. The

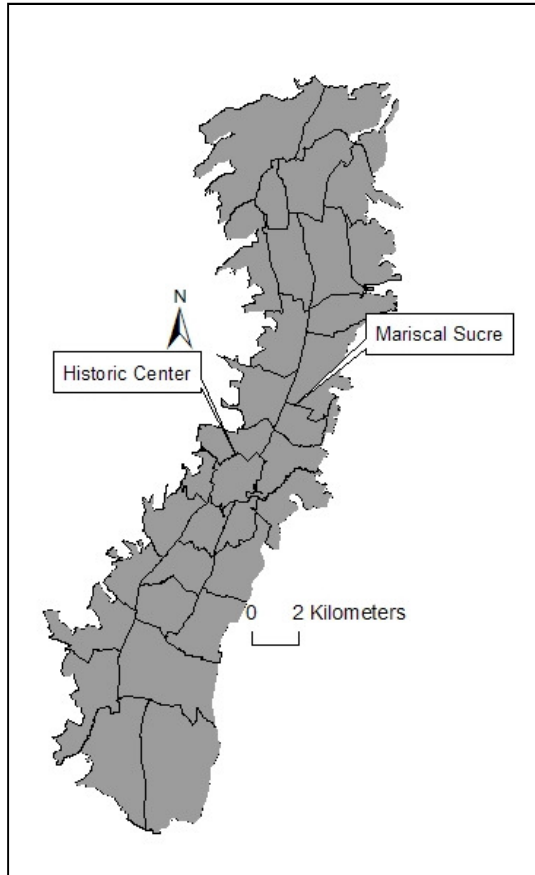


Figure 5: Map of Historic Center and Mariscal Sucre, Elaboration Lisa M. Hanley
Source: DMQ 2008

Plaza del Teatro was a principle social center for the upper classes (Lara, 1992). Until around 1950, the city retained this central core in the historic center. However, with the subsequent expansion of the city with a north-south longitudinal shape, new centers of commerce began to spring up in both the north and the south.

Banana Boom and Bust

After World War II, economic growth took off again in Ecuador, in particular due to the export of bananas. Ecuador became the largest exporter of the fruit, which was controlled primarily by five foreign companies (Schodt, 1984). The economic

prosperity of the 1950's resulted in the first decade of Ecuadorian history which was not influenced by political unrest. After 1956, banana production slowed, and employment on the coast decreased. At the same time population growth continued to increase, creating an ever growing sector which could not be absorbed in the agro-export business. More and more migrants moved to the cities and were absorbed into marginal urban employment.

Prior to the 1920's, the history of Quito is the history of what is today known as the historic center. The 1920's brought about new construction and rapid population growth which continued through the 1950's, stretching the city from a small circular core to a long narrow city on a north-south axis in the valley. A new central business district began to form to the north of the historic center in the Mariscal (figure 5). The 1940's and 1950's marked a period of deterioration of the historic center, with increasing population density and declining housing quality. The once opulent mansions of the elite were now subdivided into rental units, which grew smaller and smaller, as pressure to absorb the migrants in the city increased.

Modernization

The modern Latin American city has typically accommodated the influx of migrants in slum or squatter settlements during this period, characterized by self-built housing and a lack of services. Since services are costly and not uniform in the Latin American city, those on the periphery or living in poorer areas are generally not serviced. New squatter settlements appear near the urban periphery, so the lowest quality housing tends to be located on the edge of the city. Older slum and squatter settlements are constantly in processes of improving houses and services, therefore these older settlements tend to be in better shape and closer to the central business district or historic center than the new ones.

Although historic centers may provide improved services and infrastructure than their peri-urban counterparts, the tolls of urban population pressures, crumbling infrastructure, and diminishing economic bases since the 1970's posed huge challenges for local government. Many local governments have been confronted with tasks of balancing the provision of basic services to the urban poor in historic quarters and preserving the cultural heritage of cities.

For Quito, the 1960's were characterized by a continued deterioration in the agro-export model that encouraged the boom and bust cycles of cacao and bananas. Many land owners in the rural highlands modernized their land holdings. The agricultural modernization required less labor, resulting in a large number of landless peasants. This sent another wave of rural migrants to urban areas. Quito nearly doubled in population and extended nearly 20 kilometers on the north-south axis. However, it only grew to 4 kilometers from east west at its widest point. This physical expansion took place with little municipal planning or control. For the historic center, this marked a period of "turgurizacion²⁶," with increasing population densities and deteriorating living conditions. The residential population density was high, reaching 50 inhabitants per hectare, compared to just 14 per hectare in the rest of the city (Sheck, 1969, p.10).

The decline of the historic center occurred for a number of reasons. In the 1970s and 1980s, the decentralization of some government activities and the development of new offices and retail locations in the north led to the decline of land value and the overall economic status of the historic center. Many wealthy residents continued to move to the north of the city where contemporary houses, wider streets to accommodate automobile traffic, and modern services were available. As the wealthy

²⁶ Turgurizacion is defined as the general deterioration and conversion into a slum area, "slumming."

residents moved out, low-income residents began to occupy the historic center, subdividing many of the larger homes into multiple units, which were generally overcrowded and inadequately serviced.

Petroleum Boom

The 1970's was dominated by the emergence of petroleum production in the eastern lowlands, the oriente. Unlike cacao and bananas, petroleum was the property of the state. The oil boom of the 70's shifted the previous economic dominance of Guayaquil and the coast to Quito. Residential, commercial, and industrial expansion of the city continued, aided by petroleum profits and a growing civil service (Schodt, 1987). This also marked the continued shift of administrative, commercial, and political concentration of activities to the Mariscal district, about 2 kilometers north of the historic center. It also brought about renewed attention for the historic center. After decades of general neglect, the historic center of Quito was declared a World Heritage Site in 1978.

UNESCO World Heritage Site

Regardless of the deterioration that had taken place, UNESCO considered the historic center of Quito a "sui generis," "where the actions of man and nature are brought together to create a work unique and transcendent of its kind (UNESCO, 1978)." The historic center of Quito is composed of three principle plazas: the Plaza de San Francisco, Plaza Grande, and the Plaza de Santo Domingo. Religious buildings such as the churches of San Francisco, Santo Domingo and the Compania, the Convents of La Merced and San Augustin which surround the plazas represent a rich fusion between Hispanic and indigenous cultures, as represented through art and architecture. The central square is bordered by the Government Palace, the Municipal Palace, the Bishop's Palace and the Cathedral, and other religious buildings of the 16th

to 18th centuries are spread throughout the historic center. The colonial dwellings are often constructed of adobe with whitewashed facades and are built around interior patios. The urban ensemble of architecture, art, and culture in Quito is considered an eminent example of the colonial Spanish city and is why UNESCO inscribed the historic center on the World Heritage List (Ibid).

The Student Movement and the Historic Center of Quito

After the 1987 earthquake which severely damaged a number of historic properties in the historic center, a movement among the architecture students of the Central University of Ecuador emerged, led by Professor Jorge Benavides Solis. The students of third and fifth year of architecture studies launched a campaign in defense of the historic center. The objectives of the campaign were to motivate the students to discover the unique urban and architectural characteristics of the historic center, to encourage the students to recognize and respect the heritage of the historic center, and to create both an institutional and public awareness in order to defend the heritage of the historic center (Benavides, 1988).

Over 100 students created an inventory of 476 historic buildings and the necessary interventions required for their preservation. This inventory was presented to the municipality. The students created photographic material and technical plans in order to document the level of degradation and determine the level of intervention. On January 7, 1988 the students organized a conference at the College of Ecuadorian Architects in order to create awareness among public and municipal authorities and institutions, whose “negligence had permitted the deterioration of the historic center of Quito in an alarming and irreversible form (Benavides, 1988, p.65).” On January 9, 1988 over 500 students marched throughout the historic center under the protest

slogan “Unite the public, unite to fight for the defense of Colonial Quito.”²⁷ Over a one week period the students collected 9,870 signatures confirming support for their campaign. Lastly, on March 23, 1988, the students organized a pedestrian day in the historic center called “Let’s go to the Center.”²⁸ The objectives of the day were to demonstrate that the historic center can be recuperated and encourage the authorities to institutionalize pedestrian Sundays. The day was filled with activities including a march for cleanliness in the historic center, a public painting exhibition by Oswaldo Guayasamin, music, and other forms of entertainment in the public spaces.²⁹

The materials created and collected throughout the campaign were later displayed at the Casa de Benalcazar and Casa del Sucre, two historic buildings located in the historic district. The exhibition in the Casa del Sucre was viewed by, at the time, Mayoral candidate Rodrigo Paz.³⁰ Professor Benevides addressed Mr. Paz, requesting his assistance “to defend our cultural heritage...(and) our national identity....Mr. Paz, we can not continue to tolerate so much civic and political apathy, so much indifference towards our cultural patrimony (Ibid, p. 69).” Rodrigo Paz promised to incorporate the concerns presented into his mayoral campaign.

The activities of the students were documented in a book titled “La Toma Simbolica del Centro de Quito,” published in 1988 by the National College of Ecuadorian Architects. The efforts by the students are considered by many municipal civil servants to be a turning point in the municipal vision, and more importantly in municipal effort and action to recuperate the historic center. In fact, many of the

²⁷ Translation by author, “Unete pueblo, unite a luchar por la defense del Quito Colonial.”

²⁸ Translation by author, “Vamos al Centro.”

²⁹ Guayasamin is perhaps the most famous Ecuadorian artist. His works are internationally recognized, with over 180 individual exhibitions worldwide before his death in 1999.

³⁰ Rodrigo Paz was elected Mayor of Quito and served from 1988-1992

students that participated in this project later worked for the municipality in a variety of posts related to the rehabilitation of the historic center.

THE MUNICIPALITY, LEADERSHIP, AND THE CHQ

Although Quito was declared a UNESCO world heritage site in 1978, under the leadership of Mayor Sixto Duran Ballen, it would take two more administrations for a new vision of the historic center to come about. Under the leadership of mayors S. Duran Ballen (1972-1980), Alvaro Perey (1980- 1984), and Gustavo Herdoiza (1984-1988) the municipality occasionally sought donations to finance restoration and conservation projects. However, the vision of the historic center was singular, as the administrations focused solely on restoring buildings and monuments. The election of Rodrigo Paz in 1988 is considered a turning point for how the municipality viewed the historic center. Although few concrete policies or projects took place under Paz's administration, the *Master Plan for the Integral Rehabilitation of the Historic Areas of Quito* (1989-1991)³¹ was developed under Paz's administration. This plan represented the first integral vision for the historic center, including economic, social, and territorial development, rather than simply focusing on the conservation of historic buildings and monuments.

Jamil Mahuad succeeded Paz, and under his leadership the 1994 IDB loan was signed, and large scale financing for the rehabilitation of the historic center was secured. Limited negotiations with street vendors took place under his administration. In 1999, Roque Sevilla became Mayor, as Mahuad ended his term early in order to assume the presidency of the Republic of Ecuador. Sevilla continued the policies of Mahuad, expanding the negotiations with vendors and continuing the projects outlined in the IDB loan for the short time that he was mayor. Sevilla lost the election

³¹ See chapter 4 for a more detailed description of the plan

campaign to Paco Moncayo, who was mayor from 2000-2008. Moncayo is often credited with recuperating the historic center, as the relocation of street vendors took place in 2003, paving the way for the initiation of the large scale rehabilitation projects set forth in the IDB loan. Moncayo recently lost his re-election campaign to Augusto Barrera in 2008; however this dissertation will only deal with events before Barrera's election.

The Municipality of Quito and Key Departments

The Municipality of Quito is an autonomous local government with special status due to its condition as capital. The city of Quito and its metropolitan region are governed by a municipality with a democratically elected mayor and 15 elected municipal council members. The council members form 13 municipal commissions which oversee various aspects of the city. This dissertation is concerned with activities of the Commission of the Historic Center.

The territory of the metropolitan region is divided into 32 parroquias or parishes. In 1993, Mayor Jamil Mahuad decentralized Quito into eight administrative zones. One of these zones is the Administration of the Central Zone Manuel Saenz (AZC). This zone encompasses the historic district in its totality, as well as some of the contiguous neighborhoods. One of the principle functions of the AZC with regard to the historic district is the responsibility for the general functioning of the district, as well as control over physical patrimony. More importantly, for the first time an entity is charged with approving the interventions set forth by the Commission of the Historic Center, one of the 13 municipal council commissions. In addition, the AZC

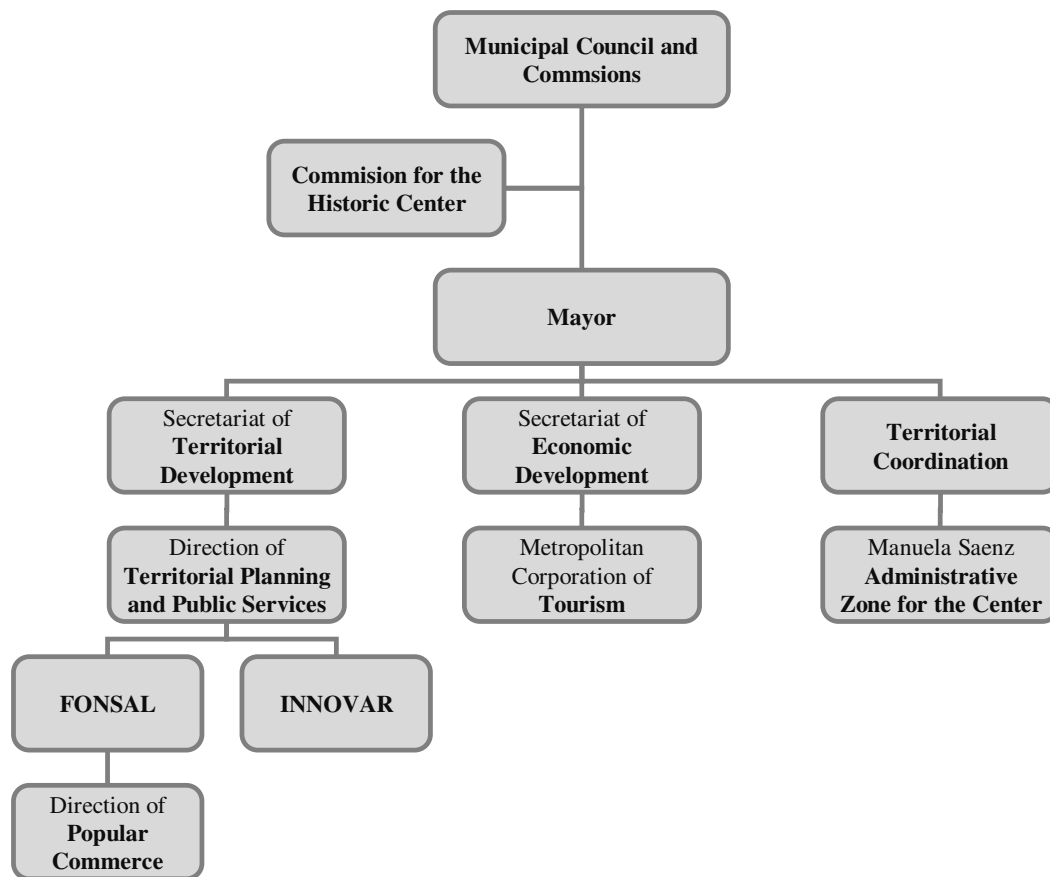


Figure 6: Organizat ion Chart of Relevant Municipal Departments, Source: DMQ, 2008

also serves as a liaison to the community. Since its inception, a series of community participation projects have been initiated, including the process of negotiation with the community of informal vendors

The offices of the municipality which are overseen by the mayor are divided into various departments (figure 6). This dissertation will focus on the activities of office of territorial planning. In addition to the municipal departments, there are seven municipal corporations. The Metropolitan Corporation for Tourism, the Metropolitan Corporation for the Urban Development of Quito (INNOVAR), and the Fund for the

Salvation of Cultural Heritage (FONSAL) are of particular importance. The municipal corporations are managed by different departments, the directors are appointed by the mayor, but they have separate budgets and are not required to abide by municipal contracting and budgeting laws. This allows the metropolitan corporations more flexibility, but at the same time transparency is limited.³²

THE HISTORIC CENTER OF QUITO

The historic center of Quito is composed of 14 neighborhoods and spans a geographic space equal to approximately 606 hectares; 376 of these hectares are occupied by urban buildings for residential and commercial use and 230 hectares are green spaces (figure 7). The central nucleus is 54 hectares and comprises over half of the historic buildings and monuments of the historic center (IDB, 1994). The historic center of Quito today, like many other Latin American capitals, is the node of a number of administrative and economic functions of the city. It is both the seat of national and local government and the majority of the principal administrative offices of the municipal government. 183 primary and secondary schools, managed by the federal department of Education, are located in the historic center. In addition, the second largest federal prison, the Garcia Moreno Rehabilitation Center which houses approximately 2,000 prisoners, is located on the outskirts of the historic center (DNRC, 2009). The Garcia Moreno Prison was built in 1875 and is a historical building. The municipality is working with the federal ministries to decentralize the high concentration of schools in the area. In addition, they wish to relocate the jail to a different part of the city and convert the building into an archive for historic

³² A further discussion of metropolitan corporations and public private partnerships can be found in Chapter 4



Figure 7: Nucleus of the Historic Center and Surrounding Neighborhoods,
Elaboration Lisa M. Hanley Source: DMQ, 2008

documents. The old bus terminal, Cumanda was also located on the outskirts of the historic center. In July 2009, after several years of planning and construction and an effort to decrease traffic in the historic center as well as decentralize bus services, the

bus terminal was split into two terminals, one to the south in Quitumbe and one to the north in Carcelen. The Cumanda terminal was closed.

Housing

The historic center is also home to approximately 50,000 inhabitants; it has negative growth rate of 1.2%. Approximately 80% of the residents live at or below the poverty line (INEC, 2001). The housing stock is compromised of poorly maintained buildings which have been subdivided into multi-family buildings. 70% of the households are renters and 24% are owner occupied (INEC, 2005-2006).³³ The proportion of renters is high compared to the metropolitan area where only 42% are renters. The historic center has 1480 single family homes and 2470 multifamily buildings. 1708 have between two and eight families per building and 588 houses between eight and 15, and the remaining 84 buildings have more than 15 households each (CHQ Plan Especial, 2003). Densities reach 152 inhabitants per hectare in the peripheral neighborhoods, and 65 inhabitants per hectare in the core (Ibid). The municipality hopes to revive the residential capacity of the historic center and attract middle and upper income residents.

Informal Markets

Its role as a place of popular and informal commerce and residential area has diminished in recent years, giving way to tourism and small formal businesses. Since the 1970s the historic center was a locus for the informal economy and street markets until 2003. It was evidenced by a strong concentration of markets, which thrived in part due to the proximity of a large low-income population, frequent transport services through the historic center, and a high pedestrian movement. Thus, the historic center

³³ The remaining 6% received housing in return for services, is identified as transferred or other (INEC 2005-2006).

represents a zone of competing interests. It symbolizes the city as it was in colonial times, through the colonial buildings and monuments scattered throughout the 54 hectares which compose the central area (IDB, 1994). However it was also the place of business of at least 8,000 street vendors, representing rural migrants and families that have worked in the historic center for decades. Reconciling the physical historic patrimony and the street vending which obscures and damages the buildings was probably the biggest challenge the municipality faced in revitalizing the historic center.

The rapid growth of Quito combined with its economic decline since the 1970s,³⁴ had a significant impact on the informal economy, and therefore the historic center. Since the historic center is the first point migrants reach upon their arrival in Quito, as the central bus terminal was located in the center until 2009 and almost all long distance public transport passed through this terminal, combined with the out-migration of wealthy residents, the historic center became home to an increasing poor migrant community. In addition, the earthquake of 1987 damaged a number of buildings and residences in the area. These buildings were later converted into storage buildings and shops, transforming a number of residential buildings into commercial properties. This poverty of the growing population has dictated a continued reliance on the informal economy for employment, where the majority is women and migrants. In the 1970s and 1980s, the historic center of Quito had transformed into the one of the principal informal market areas of the city, which occupied the plazas, pedestrian sidewalks, and streets, making vehicular and pedestrian traffic congested (figure 8). The intense colonization of street space, particularly near the Ipiales and Tejar market, which are located in the heart of the historic center, was such that the streets no longer

³⁴ Quito's economic decline in the 1970's can be attributed to the closure of factories and local production as a result of globalblization.

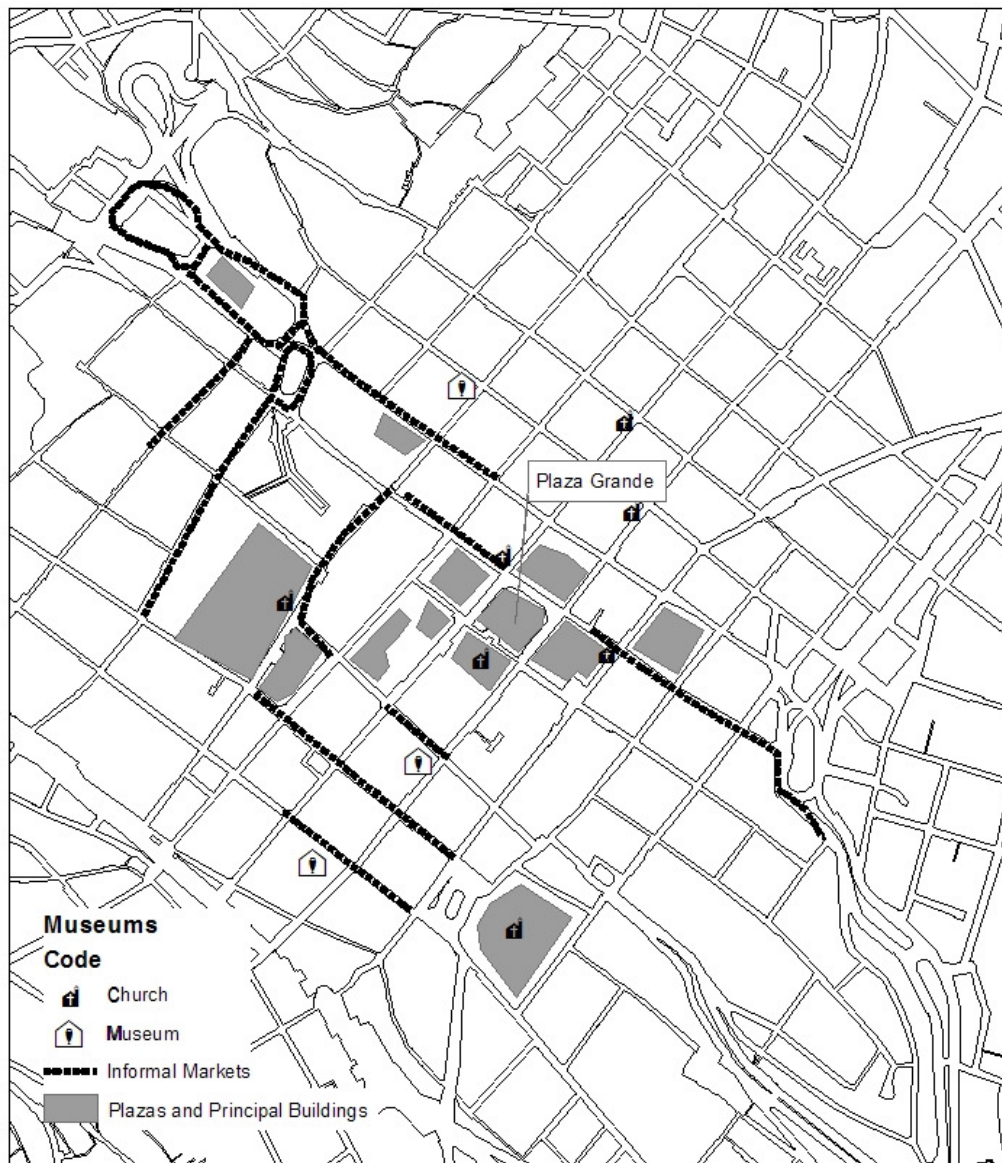


Figure 8: Location of Informal Markets in the Historic Center, Elaboration Lisa M. Hanley Source: AZC, 2008

functioned as public space during the daytime, but rather as a string of makeshift market stalls generally constructed from plastic and wood materials. During the daytime streets in this area functioned under traders organizations, or essentially the “traders mafia,” where temporary market stalls are set up and then later taken down at the end of the day, with the products stored in a local storage building for the night.

According to Bromley, in the 1990's there was an even greater intensification of commercial activity in the historic center, which was attributed to increases in both daily and periodic markets, invasion of additional streets, and the emergence of new market sites, for both daily and periodic markets (table 7) (Bromley, 1998, p. 254). As indicated in table 7, by 1992, 4 of the 5 very large markets in Quito were located in the historic center.

Table 7: Number of Markets in Quito

Number of vendors	Small < 100	Medium 100 - 299	Large 300 - 499	Very large > 500
1972 - HC	4	2	5	-
1972 - Quito (including HC)	13	5	6	-
1992 - HC	2	4	2	4
1992 - Quito (including HC)	17	7	5	5

Source: Department of Markets, IMQ 1995

Characteristics of the Informal Economy in the Historic Center of Quito

Department of Markets

Throughout out the 1970s and 1980s, the municipal government of Quito had a relatively tolerant attitude toward informal markets and street traders. Traders were occasionally fined, however a lack of clarity on the rules and regulations regarding street trading made this difficult and infrequent. The Department of Markets was created as a municipal institution to regulate informal trading and to manage municipal markets, including those in the historic center. Permanent traders often paid a small monthly fee, often less than \$5, to the Department of Markets for the public space they occupied. The semi-sanctioning by municipal authorities of informal

trading in the historic district led to an ever increasing number of traders to occupy public spaces.

The informal markets also cost the municipality large sums of money, particularly with regard to sanitation and trash collection. The municipality paid approximately \$900,000 in 1995 to maintain the markets in the historic center. This figure includes the functioning of the Department of Markets, expenditures of the sanitation department (EMASEO) to clean the streets, and the metropolitan police presence in the area. However, the fees paid by the vendors, which include the fee for the occupation of public space and for sanitation, totaled approximately \$400,000 (IMQ, 1995, p. 5), resulting in an expenditure of approximately \$500,000/year.

Prior to 1996, the vendors and the municipality had a limited relationship. The Department of Markets issued authorizations for the functioning of various organizations which permitted the use of physical space in which the vendor may sell his or her products. However, the Department of Markets did not actually issue a permit for a specific space; rather the authorization was generally coordinated through the association and not with the individual vendor. The associations worked out amongst themselves who "occupied" what space. A number of municipal ordinances existed to regulate small commerce in public spaces. These ordinances specified growth of informal commerce in the historic center and placed specific limitations of the occupation of space, both public and the use of storage areas to 25% of the historic district. However, little was done to enforce these regulations.

Vendor Associations

The vendors are organized in associations and federations. In 1998, there were 96 associations³⁵ of which 81 were registered in the Department of Markets. In 1998, approximately 65% were registered members of an association and 37% were not (Herrera and Cordova, 1998). The associations served to protect the rights to public space of the vendors, settle disputes between members, between members and other vendors, a liaison between the municipality and the Department of Markets, and also to extend credit or facilitate credit to members. The member must pay a monthly fee, which varied by association. Fees are often higher than those charged by the municipality and the Department of Markets, which can lead to corruption.

In 1994, with the threat of removal from the streets of the historic district due to the looming rehabilitation project, 14 associations formed the Federation of Small, Autonomous Vendors of Quito and 11 associations formed the Federation of Small Free Vendors of Quito. Later 78 associations grouped together under a federation known as the "Frente de Defensa" or the Front of Defense led by Angelita Vega, and included the two federations above. The original discourse of the Front of Defense was the maintenance of the public work space of the vendors and a complete rejection of relocation of the vendors of the historic center. This federation later splintered, and the Front of the Autonomous Small Retailers of Quito, led by Marlena Manyay was created. These two federations of vendor associations played key roles in the negotiation process between the municipality and vendors.³⁶

³⁵ The large number of vendor associations can be attributed to the organization of vendors along family or migration networks, city street blocks, and items for sale. The organizations functioned primarily informally, without formal registration with the state, which allowed for the proliferation of organizations as the costs of formation were low.

³⁶ See Chapter 5 for a more detailed discussion of associations and the negotiation process.

Number and Characteristics of Informal Vendors in the CHQ

The nature of informality makes an estimate of the vendors difficult. Different offices within the municipality have conducted various studies over a couple of decades. The first study in 1976 by the municipality estimated 10,246 vendors. 50% of the vendors at this time were born in Quito, and the remainder came from surrounding provinces. They demonstrated low levels of education, only 60% had completed primary school and only 1% had completed secondary school. Women were overrepresented, at 68% (IMQ, 1976).

Table 8: Days worked by number of vendors in 81 Associations registered with the Department of Markets

Work Days	Number of Associations	Number of Members	Percentage
7 Days	57	3,710	66%
Tuesday and Saturday	13	1,281	23%
Saturday and Sunday	4	142	3%
Seasonal	7	505	9%
Total	81	5,638	100%

Source: Department of Markets (1998)

The highest estimate is 13,500 from the Department of Markets. Of these 13,500, 8,500 were members of an association and 5,000 were not (Department of Markets, 1998). The Administration of the Central Zone (AZC) estimated 10,000 vendors; of these 7,500 were permanent vendors and 2,500 were seasonal (IMQ, 1996). In 1998 the AZC estimated 8,220, of which 6,878 work on the street and 1342 can be found in commercial centers. The latter two estimates are based on field work, where students counted stalls and vendors street by street. The first estimate by the

Department of Markets is based on registration in their office. For a variety of reasons, such as ability to incorporate more vendors into their space or to demonstrate a larger political and social organization, it was suspected that the associations frequently register more members than the actual number, often registering family members and friends who do not work in the historic center. What was clear is that there were a significant number of vendors working in the historic center. Second, the number of vendors had not changed dramatically in past years. This was in part due to self regulation on the part of the vendor associations, increased control by the AZC, and the already existing saturation of both space and vendors in the historic center. New vendors are generally not incorporated into the historic center, unless a space is abandoned or transferred.

Table 9: Number of Street Blocks by Zone and Type of Vendors

Zone	Street block			
	Total	Without Sales	Fixed stalls and Roaming Vendors	Only Roaming Vendors
Historic Center except Ipiales	136	67	52	17
Ipiales Area	48	6	42	
Avenida de Pichincha Area	15	3	9	3
San Roque Market Area	21	9	7	5
Alameda Park	30	22	8	
El Ejido Park	22		19	3
Total	272	107	137	28
Percent	100%	39%	50%	10%

Source: Herrera and Cordova 1998

The majority of vendors in the historic center belonged to a vendor association or organization. This organization secured their place on the street and guaranteed that this space will be respected by other vendors. One variation is the association of candy sellers. This association forced their members to rotate periodically, so that all members benefit from the spaces that are considered the most lucrative. According to the Department of Markets, approximately 27% of the vendors have other forms of income or employment: 30% of roaming vendors and 25% of fixed stall vendors. In the historic center of Quito, 78% of the vendors are between 18-45 years age, at the most productive stage. Among the vendors, only 7% have technical education. However, almost 86% have some secondary education. Only 11% are illiterate. Women represent about 68% of the vendors, but children under 12 represent only 2.3% (160 children), the majority working as shoe shiners. For decades, during the months of December and January, it was estimated that approximately 17,000 vendors work in the historic center, the increase due to the festivals of Quito and the Christmas and New Year holidays. Tuesday and Saturday the historic center was the most crowded with both vendors and buyers, as these are considered market days. The Direction of Markets estimated that the number of vendors can fluctuate by approximately 10%, especially on market days. In addition, 1300-1500 are wholesale vendors sold in the historic center on Tuesday and Saturday mornings (table 8) (Department of Markets, 1998).

In 1998, in collaboration with the Catholic University of Ecuador, the ECH conducted a detailed survey of the vendors in the historic center. This was the study that was used in the project design for the relocation and modernization of vendors in the historic center. The ECH study counted 7,432 posts of street commerce in the district administered by the AZC covering a total of 272 blocks (Table 9).

Table 10: Number of Total Vendors by Zone

Zone	Total	Fixed Stalls	Roaming Vendors
Historic Center, except Ipiales	1,333	959	374
Ipiales Area	5,188	4,417	771
Avenida de Pichinacha Area	176	134	42
San Roque Market Area	181	86	95
Alameda Park	66	42	24
El Ejido Park	488	412	76
Total	7,432	6,050	1,382
Percent	100%	81%	19%

Source: Herrera and Cordova, 1998

Over half of the blocks and vendors working in this zone are concentrated in the nucleus of the historic center. Of the 7,432 vendors identified, 6,521 work in the nucleus of the historic center, covering 111 blocks of the historic center (table 10). In addition to the street vendors, the ECH study identified 1,192 informal vendors who work in enclosed commercial centers. Over 25% of the stalls in the commercial centers were empty at the time of the study (table 11).

The types of stalls used by the informal vendors can be divided into 4 categories: a) stalls with a permanent structure, b) stalls with a non-permanent detachable structure, c) vendors without any structure (just a table or the products are displayed directly on the street or sidewalk), and d) roaming traders with no fixed space. The majority of vendors have a detachable structure which is set up each morning and removed at the end of the day (table 12).

Table 11: Number of Stalls in Enclosed Informal Commercial Centers

Zone	Number of vendors		
	Number of Stalls	Occupied Stalls	Empty Stalls
Historic Center except Ipiates	52	39	13
Ipiates Area	1,140	836	304
Total	1,192	875	317
Percent	100%	73%	27%

Source: Herrera and Cordova, 1998

Table 12: Number of Vendors according to Type of Stall

Zone	Number of stalls				
	Total	Permanent	Detachable structure	Without structure	Roaming
Historic center except Ipiates	1,333	51	548	360	374
Ipiates Area	5,188	7	4,183	227	771
Total	6,521	58	4,731	587	1,145
Percent	100%	1%	73%	9%	18%

Source: Herrera and Cordova, 1998

The merchandise and structure are generally carried away by *cargadores* (manual transporters) and stored in a warehouse. Those without a structure generally sell their wares on a corner or in between stalls. These vendors usually do not belong to an association. The roaming traders generally offer the same items as the fixed stall traders, but take advantage of their mobility to sell their products. They are sometimes affiliated with a stall. The majority of merchandise sold is clothing and shoes. Many

Table 13: Number of Vendors according to Merchandise

Zone	Historic center except Ipiales	Ipiales Area	Total	Percent
Manufactured goods (cosmetics, electronics, jewelry, etc.)	309	955	1,264	19%
Clothes and Shoes	202	3,286	3,488	53%
Crafts	180	632	812	12%
Services	154	0	154	2%
Misc.	121	30	151	2%
Food with license	93	11	104	2%
Food without license	274	274	548	8%
Total	1,333	5,188	6,521	100%

Source: Herrera and Cordova, 1998

of these products are contraband goods from Colombia and Panama; however some textiles are produced locally. The electronics market around the 24 de Mayo street sells second hand electronics products generally known to come from questionable provenance. The 104 food vendors with a license are the candy sellers who are organized in a well run association (table 13). The variety of low cost products available in the informal markets, in addition to the services of the government buildings, as well as the concentration of primary and secondary schools draw approximately 320,000 visitors to the historic center daily.



Figure 9: Street in Historic Center, 1999, Author image

Transportation and Congestion

Approximately 320,000 people travel into the historic center on a daily basis, attracted by the informal markets, as well as the administrative buildings. 78% of the visitors use public transportation to arrive at their destination. 76% of the visitors travel from different parts of the city to the historic center: 42.5% from the South, 30.6% from the North, and 3.7% from outside of the district (Herrera and Cordova, 1998). The informal markets and the number of daily visitors make the historic center a congested place (figure 9). Streets which are occupied by markets often block vehicular and pedestrian traffic, as the sidewalk space and streets were used for makeshift stalls. However the vendors are not solely responsible for the congestion. General abuse of parking rules blocks traffic, as well the concentration of schools and administrative buildings bring a large number of visitors daily. In an effort to reduce congestion, the municipality is attempting to work with the Ministry of Education to denctralize the high concentration of schools in the historic district. However,

according to Carlos Pallares, Director of FONSAL, little progress has been made (Pallares, 3/27/2008).



Figure 10: Informal street vending in the historic center, 1999 Author images

Visual Contamination

The informal markets and general deterioration of the historic center in recent decades has lead to what the municipality refers to as “visual contamination.” This refers to the existence of exterior cables, signs, posters, billboards, and other propaganda that obstructs the urban landscape (figure 10). At least one third of the blocks in the historic center exhibit some type of visual contamination which impacts not only the landscape, but also damages the facades of historical buildings (Herrera and Cordova, 1998).

IMPACT OF INFORMAL COMMERCE IN THE HISTORIC CENTER

The informal commerce and markets that occupied the streets and public areas in the historic center until 2003 were considered to have had a detrimental effect on

the physical structure of the buildings, as well as on the visual landscape (table 14). For example, the fixed stalls generally attached into buildings causing structural damage, as well as obscuring the view of these buildings and monuments. Additionally, the vendors impeded the free movement of vehicles and pedestrians. Many of the streets in the historic center were only mildly affected, others were severely impacted. Approximately 41 blocks or 22% are considered to have been severely impacted by informal markets. These blocks were characterized by a total saturation of fixed stall vendors and roaming traders, blocking the entire sidewalk and some street space. In the Ipiales area, located in the middle of the historic district, over 80% of the blocks were characterized this way. Medium impact is characterized by blocks where the presence of informal commerce is crowded, but allows a pedestrian to move about freely. Generally, the street had not been overtaken, allowing limited space for the passage of vehicles. Light impact is characterized by the lack of fixed stall vendors and a low presence of ambulant traders. Pedestrians and vehicular traffic could move about freely. The remaining 74 blocks showed no direct impact by the presence of informal commerce and markets.

Table 14: Level of Impact according to Herrera and Cordova of Informal Commerce on Public Space in the Historic Center

Zone	Total	Level of impact			
		None	Ligh	Medium	High
Historic Center except Ipiales	136	68	47	19	2
Ipiales Area	48	6	1	2	39
Total	184	74	48	21	41
Percent	100%	40%	26%	11%	22%

Herrera and Cordova, 1998

INFORMAL VENDING AND WORLD HERITAGE

Trash, sound pollution, contamination of the visual landscape, obstruction of pedestrian and vehicle traffic and the overall disorder of the historic center was caused, at least in part, by the location of several large informal markets. This was reason enough to consider a reorganization of commerce in this area. However, the additional burden of the historic center as a site of physical and cultural heritage, as well as a UNESCO World Heritage site, brought about increasing concern with regard to the physical state of the historic center.

The vendors had overtaken a significant part of the public space, including plazas, sidewalks, and streets. Among the most congested sites were the Church of the Compania, Church of San Augustin, and the convent of La Merced. The presence of the informal traders not only obstructed the views and pedestrian and vehicular passage, but the buildings were often used as support for the daily assembly of the detachable market stalls. That is the stalls were directly assembled into or with the support of the surrounding buildings, causing structural damage to the facades.

The nature of street commerce in the historic center, which required the daily disassembly of the market stalls also required storage of the products sold on the streets. Many of the historic buildings had been converted into warehouses that stored the vendor's products over night. The original structure of the building was often altered, damaging the stability of the structure, the original characteristics, and its heritage value. This contributed to the overall declining image of the historic center. Once the center of the city's residential, administrative, and commercial life, the historic center was converted into the center of limited administrative activities and informal trading.

This "loss" of the historic center to the informal economy and a continuing deterioration of the built environment concerned a number of citizens, local officials,

and advocates of historic preservation internationally. The result was an initiation by the Municipality of Quito to recuperate the historic patrimony and revitalize the historic center.

URBAN REVITALIZATION AND QUITO

Since Quito's designation as a world heritage site there has been considerable investment, both local and international, in the conservation and revitalization of the historic center. A general perception that a changed image of the historic center is considered crucial to the promotion of private sector investment and has prompted local government and citizens to begin to encourage a number of changes in the land use of the historic center, particularly public space. This also initiated the first controversy over the conflicting use of space in the historic center; in particular, the occupation of public space by informal markets, which is generally viewed as incompatible with a UNESCO world heritage site.

Quito represents the dynamic struggle between the forces of planning and order imposed by the municipality and the spontaneous organization of the informal economy. In 1994 the IDB and the Municipality of Quito came to a loan agreement, guaranteed by the Ecuadorian Government, for 41 million US dollars to assist in the conservation and preservation of the historic center and since 1994, the rehabilitation project of the Historic Center of Quito has been underway. Issues of economic development, tourism, preservation of buildings and monuments, and the recuperation of a sense of national and local identity, are all cited as objectives of the multi-stage project (IDB, 1994). Rehabilitating and redeveloping colonial centers does not necessarily benefit all sectors of society, as residential and economic displacement often occurs. However, as cities compete for prestige, the need to sell cultural capital becomes increasingly important and mitigating displacement can easily be left aside.

The project description of this loan specifically stated that the current land uses of historic center, which were dominated by the informal economy and the presence and expansion of informal commerce in the historic center had displaced other forms of investment. According to the IDB:

[In order] to restore its functional importance, revitalize traditional services and commerce by affording easier access to goods and services, these businesses will supply and foster the appropriate use and maintenance of its public and private buildings to make them more attractive to visitors. The program would also promote tourism, urban renewal and historic preservation and help halt spreading urban problems, such as traffic congestion, pollution, crime, and overcrowding...and promote private sector investment in the Historic Center of Quito (1994, p. 1).

The IDB loan project description stated that the situation facilitates environmental deterioration and discourages investment, a principal requirement for a sustainable conservation process. In fact, one of the conditions for disbursements after the first 12 months of the project was “the implementation by the municipality of the revised version of the municipal ordinance that regulates street vending and the use of public space (IDB, 1994, p.20).” This regulated use of space implies that certain uses of the historic district are more important than others. In fact, one of the slogans of the campaign for rehabilitation was “Recuperating our identity.”³⁷ The conversion of the use of public space, linked to the recuperation of identity, questions whose identity is being recuperated in this process. This recuperation led to a large scale modernization and formalization of the vendors who previously occupied the space, paving the way for potential increased tourism flows and improved real estate values. The next chapter examines the role of the historic center and informality in the municipal plans of the city of Quito.

³⁷ “Recuperemos nuestra identidad,” translation by autor. This slogan could be seen on print materials such as banners and posters throughout the historic center in late 1990’s.

CHAPTER 4

Municipal Responses through Planning: Perspectives of the Historic District

The relationship between planning, the historic center, heritage, and the informal sector forms the focus of this chapter. It reviews the history planning, with an emphasis on municipal regulation. The various stages of contemporary planning in Quito have almost always given some consideration to the historic center. This chapter will analyze not only municipal planning, but also key international agreements, as well as an introduction to the IDB rehabilitation project. Information for this chapter was collected at various institutions. Municipal plans and ordinances were reviewed at the Department of Planning Library and Document Center, Quito and Fondo Quito, Ecuador. Documents related to the IDB loan were obtained at the INNOVAR/ECH Document Storage Center, Carapungo, Ecuador. IDB loan documents were acquired directly from the IDB in Washington, D.C.

The notion of the historic center did not emerge until the 1940's, when the idea of the colonial core as a historic district begins to appear in municipal documents. The master plans all clearly lay out the role of the historic center, albeit each with different visions. Plans and ordinances generally characterize the historic center as disorderly, dirty, overrun with informal commerce, and inhabited by a low-income population. However, documents clearly illustrate that the historic center has long been the principal site of commerce for the city and tensions between vendors and local government predate the modern city and can be identified as early as the 1880's.

Since the notion of the historic center's inception, local, national and international visions have had to be reconciled, as all levels place claims both on the definition and use of the physical and cultural heritage of Quito. The reconciliation of

these visions over time has led to what is today a site of world heritage and a large scale international revitalization and rehabilitation project. The five master plans are characterized by three general themes regarding the reorganization of urban space. The first theme is concerned with attempts to control and reorganize commercial space, often regulated in the name of sanitation and hygiene; the second theme focused on using land markets to raise revenue, and the third dealt with urban limits and the expansion of the city. In addition to the five master plans, Quito also developed two additional plans: a special plan for the historic areas and one for the historic center.

Through a review of planning and planning related documents, this chapter argues that the municipality of Quito has always been interested in controlling and reordering the urban fabric and the historic center; however, lack of resources and importance meant the historic center was a low planning priority for several decades. The plans illustrate a typical disjuncture between planning and implementation. The municipal plans are lengthy and comprehensive, however few projects are implemented or ordinances enforced. After 50 years of planning on paper with little implementation, this pitfall of planning becomes an obstacle to the municipality and the IDB rehabilitation project in the late 1990's. Municipal employees are forced to invest time and effort to convince historic center stakeholders that a redevelopment process will take place and the typical rhetoric without implementation is a characteristic of the past.

EARLY PLANNING: TRADING AND MARKETS AT THE TURN OF THE CENTURY IN THE HISTORIC CENTER

Although the idea of the historic center does not appear until the mid twentieth century, it is important to understand the activities and uses of this area of the city prior to the emergence of the delimitation of historic center. As described in Chapter

3, prior to the delimitation of the historic core, this area was in fact still the center of the city at the turn of the century. It was a bustling city center with outdoor markets, incorporating government buildings, large plazas, and wealthy residences.

In the 1880's and 1890's the Plaza of San Francisco was the unofficial trading and market site for the city. At this point in time, the municipality of Quito began lobbying the central government for funds for a central market place, as the current state of the outdoor market was considered disorderly, unhygienic, and backward. In a July 1887 address to the legislative body, the municipal council lamented Quito's lack of a central marketplace as a measure of its backwardness in contrast to the other capitals of South America. Even worse was the embarrassment for Quito that Guayaquil, the coastal rival city had a market (IMQ, 1887).³⁸ In 1887 President Flores issued an executive decree designating Plaza Santa Clara as the future site of the central market building for Quito. However, financial difficulties at the national level plagued the project and the city was left to finance the project on its own. The city proposed taxing the vendors that gathered in the Plaza San Francisco to finance the project in 1887. However, this proposal was abandoned due to the lack of fixed market stalls (IMQ, 1887). It was argued that it would be impossible to regulate taxation without fixed stalls. This was the first record of a municipal attempt to exercise a tax on the street vendors of Quito. The measure finally gathered support after the approval of the market's site, leading to a temporary solution adapted in April 1893, by which a series of kiosks would be built to house the larger merchants in Plaza San Francisco and Plaza Mejía on the eastern edge of the city center. These would be rented out for up to a two-year period with the possibility for future renewal (IMQ, 1893).

³⁸ Described in the Municipal Gazette as, "Guayaquil mismo tiene plaza de mercado (Guayaquil itself has a market plaza)!"

These first attempts to regulate commerce in the city's plazas represent the municipality's early efforts to restructure commercial space. The measures sought to rid the historic center of unhygienic industries and restructure space under the rubric of sanitation (Kingman, 2005). This framework has persisted to the present day, and can be seen in the struggle between the vendors of the historic center and the municipality. Hygiene, sanitation, and spatial order all emerge as critical issues regarding the use of public space and vending in municipal documents and plans. Both the conflict of street trading and municipal regulation of commerce are not modern phenomena and predate the modern city.

PLANNING AND THE HISTORIC DISTRICT

Plan Jones (1942-1944)

In 1941 the municipality requested the services of a Uruguayan architect named Guillermo Jones Odriozola to develop a master plan for Quito and in 1942 Jones began work on the plan. The basis of the plan is the division of the city into three main zones: the north, the south, and the center. The north would be characterized by a residential area dominated by the elite. The south would be the working and middle class region. The center, Jones envisioned a mixed income neighborhood dominated by administrative functions and potentially tourism. This plan creates a bi-nodal division which still exists today, splitting the central part of the city into two parts: the old historic center and the new Mariscal neighborhood to the north. This was an important aspect of the plan, and brought attention to the longitudinal spatial division, also characterized by a north-south class division (IMQ, 1945). Eduardo Kingman observes that the north-south class division that still characterizes contemporary Quito was solidified by this plan, as well as the role of the center as a contested space (Kingman, 2005).

The plan provides a first reference for the limits of the historic center. Jones proposed legislating commercial and residential zoning, as well as the preservation and enhancement of the city center, including a provision to maintain the city's monuments and colonial buildings. Jones envisioned a historic center which encompassed the municipal center, religious and colonial art, and a historical framework for the city characterized by the typical colonial house. He refers to the center as the "colonial city" and provides a vision of the colonial city composed of and represented by historical and religious monuments, a municipal center, presidential palace, and the colonial house. However the plan does not encourage a level of preservation that goes beyond individual buildings and monuments (IMQ, 1945).

The effects of the plan can be witnessed through a series of municipal ordinances that ensued. For the historic center, these ordinances required the owners of property in the historic center paint the facades and clean the streets, focusing on external aesthetics and hygiene (IMQ, 1945). It also marked the beginning of the monumentalist period of conservation ideology for the historic center. This period focused on the restoration of monuments. It was also characterized by enhancement of value of the monuments in order to attract tourism and convert the monuments into a form of income. This introduced tourism as a valid reason for rehabilitation and grew out of movements in Europe, as well as the promotional campaigns from UNESCO (Mutal, 2001).

Plan Director de Urbanismo (1967)

By the 1960s, the Plan Jones was out of date due to the enormous growth of the city. The Plan Director was approved in 1967 and was conceived as a technical plan which divided the city into four main units: the south zone, the historic center, the center of general services, and the north zone. The plan focused on the physical

city and proposed to order land use, institute a general zoning scheme, and improve the urban transportation network. The plan was designed for a 30 year time period, but by the late 1970s, actual growth had already far exceeded predictions in the plan (IMQ, 1967).

The plan included a special study of the historic center, which formulated a guide for general land use, as well as designating the buildings and corresponding area which belonged to the historic center as subject to new zoning laws. The special plan established a scheme for valuing heritage and focused on the adequate use of historic buildings and monuments, which could be used as tourist attractions. The section dedicated to the historic center begins with the subtitle *The General Problem of the Historic Center*, describing the systematic destruction of monuments and patrimony due to lack of planning, political will, legal action, and economic resources (IMQ, 1967, p.16). The plan calls for the control of the systems of commerce and the street traders that block and damage both the monuments, as well as the vehicular and pedestrian traffic (Ibid, p.20). The historic center is described in this plan as a disgraced area, lamenting the destruction of monuments and the concealment of churches and historic buildings by advertisements, electrical wires, and loud speakers. The plan focused on two themes for the historic center: first, the zoning and regulation of commerce and second, the regulation of vehicular traffic, focusing on how to incorporate the historic area into the modern city through traffic regulation.

The Plan Director 1967 introduces a period of regulation in the city, especially with regard to the historic center. The first ordinances concerning the historic center are approved. Ordinance 1125 (1966) delimits the historic center and creates a municipal commission for the historic center with clearly defined functions and responsibilities. Ordinance 1130 (1966) charges the commission for the historic center

with determining which buildings and balconies are in need of painting and rehabilitation, as well as detailing the time lines for such renovations.

The special attention given to the historic center in the Plan Director is no accident. There was much discussion at the international level with regard to heritage and tourism. In December of 1967 the Organization of American States (OAS) organized a meeting in Quito with specialists in heritage, art, and museum studies with the intention of analyzing the potential utilization of cultural monuments as a tourist attraction. The results of this event are synthesized in the document known as the Normas of Quito (1967). This document focuses on the economic valuation of monuments and its related function to tourism. It also proposes international cooperation and financing for conservation programs.

Both the Jones Plan and Plan Director focus primarily on the physical aspects of the city and how to modernize and beautify the physical assets. Neither examines closely the socio-economic aspects. In addition both plans lay out costly projects which the municipality was in no position to implement. These plans began a long tradition of planning in Quito; the development of extensive and detailed plans with little implementation. However, both provide valuable insight into how the historic center was viewed and what role was envisioned for this part of the city during their time period.

Plan Director: Quito y su Area Metropolitana (1973-1993)

Quito continued to grow rapidly and without much regulation, regardless of the limits placed on the city through the two previous master plans. In 1973, the department of planning presented the second Plan Director. This plan set out to stimulate development in the industrial and manufacturing sectors, improve zoning, improve density of land use, and lastly a decentralization of services. It also identifies the polarization of the north-south axis as a planning problem (IMQ, 1973).

The historic center is not mentioned explicitly in this plan as it is in the prior two plans, including in a discussion of tourism development. Rather, with regard to tourism the plan focuses on the valleys, lakes, and other natural sites within the metropolitan area that could be of interest to tourists. This plan is dedicated to a diagnosis of urban development and growth of the metropolitan region. In this sense, the historic center is described as the receiving point for the new migrant population and this plan documents the changes in the urban form. The new migrants were perceived as displacing economic activities to the north of the city, as well some administrative offices at both the local and national levels. However, religious and political power remained concentrated in the historic center. In addition, the growth of a strong informal commercial sector pushed the residential population to the surrounding neighborhoods such as Toctiuco, El Placer, La Colmena, La Libertad, and El Panecillo.

The ordinance 1727 of 1975 emerged out this plan, as the municipality found little regulatory power over the historic center. The ordinance demarcated the area and created a regulatory framework to control the explosion of informal commerce and migrants in the area. Although the ordinance provided a regulatory framework, the municipality lacked the resources and political will to enforce the ordinance. It is important to note that this plan was never approved by the City Council and never had the authority of law. Although this plan pays little attention to the historic center as a site of heritage, the idea of the historic center was still important to the municipality and the nation as demonstrated by the 1977 Coloquio of Quito and subsequent 1978 UNESCO designation.

Coloquio de Quito (1977) and World Heritage (1978)

The Coloquio of Quito emerged out of a collaborative effort between the Municipality, UNDP, and UNESCO. A project was initiated that intended to

implement housing rehabilitation in the historic center, called Regional Project of Andean Cultural Patrimony. The document explicitly notes that although it strives to preserve the patrimony, it must also strive to respect the current inhabitants of the historic center. The document also begins to define the historic center as a living museum, a settlement conditioned by its physical structure that comes from the past, representing the evolution of a civilization. This inter-institutional collaboration also led to what is known as the Coloquio of Quito, and could be considered a land mark event for historic centers in Latin America. The Coloquio set out to define the historic center in Latin America, outline the problems confronting historic centers, and provide an integrated solution to their preservation (UNDP and UNESCO, 1977).

In 1974 the Ecuadorian national government ratified UNESCO's Convention on the Protection of Natural and Cultural World Heritage (1972). A few years later in 1978 in Washington DC, the world heritage committee considered 27 proposals for recognition in the first list of world heritage sites. Of these 27, the committee named 12 sites, among them the historic center of Quito as a site of cultural world heritage. In July 1979, the Director General of UNESCO confirmed this declaration in the city of Quito. His remarks emphasized collective action for conservation and development that not only values history and its cultural products, but also the future as part of a new vision of Ecuador and its role in the region. After Quito's declaration³⁹ as a world heritage site, the Republic of Ecuador passed the Law of Cultural Patrimony on July 2, 1979. The law charges the National Institute of Cultural Heritage (INPC) with the inventory, conservation, preservation, exhibition, and promotion of the cultural heritage in Ecuador.

³⁹ The Galapagos Islands were also included on the list as a site of Natural World Heritage.

These two events initiated a new discussion of what is the historic center at the municipal level and marked the end of the monumentalist period. The second period, from the 1970's -1980's is a period of reflection, and began to incorporate ideas of the historical process and urban development. This lead to the last period of heritage development recognized as the "historic city" (Mutal, 2001). UNDP and UNESCO defined a historic center as "active human settlements strongly conditioned by a physical structure originating in the past and recognizable as a representative of the evolution of its people (UNDP and UNESCO, 1977)." This definition recognizes that urban cultural patrimony is dynamic and part of a living, breathing city; not a museum held in time.

Plan Quito - Esquema Director 1980 (1981): (*Plan Quito - Master Scheme 1980*)

Urban growth had continued unabated throughout the 1970s, and a new planning approach was undertaken in this document which for the first time looked at the entire Quito "micro-region." The plan made general recommendations regarding a territorial organization by districts, but did not contain any specific regulations (IMQ, 1981). Although the 1981 general plan was officially in effect, Quito continued to grow under the obsolete legal-regulatory framework included in the land use ordinances that emerged out of the 1967 Plan Director.

Plan Quito includes an important study for the demarcation of historic areas, not just the historic center. It calls for the identification and recognition of preservation areas which should be graded and categorized in each zone. The historic center is one of the identified zones.⁴⁰ The plans call for incentives for the public to become engaged in preservation activities. It also calls for a decentralization of

⁴⁰ Other identified zones are Guapulo, Cotocollao, and Chillogallo.

activities, to aid in decreasing what was considered an overuse of the preservation areas.

Given the concern with overuse and deconcentration of activities, the issue of informal commerce is discussed in detail. It mandates that the municipality find a way to integrate this sector of the population and to control the permanent deterioration caused by their activities (IMQ, 1981, p. 666). The plan recommends confronting the problem through formation of an organization where alternatives could be discussed and agreed upon (Ibid). It also declares that markets and vendors should be strictly controlled through legislation, with regard to where and when they are permitted to work. The plan suggests that a reorganization of commerce could help revitalize the historic center in conjunction with a pedestrian plan (Ibid, p. 577-580).

Although no ordinances emerged regarding informal commerce, a new ordinance was issued regarding historic areas. Ordinance 1727 (from Plan Director) was revised in ordinance 2342 of 1984. The revision extends the idea of heritage beyond the historic center to a metropolitan concept, expanding the definition of the protected areas and valuation of architectural categories to the entire canton of Quito (Ibid). The categorization that arose out of this plan still serves as a reference today.

Quito: Cultural Heritage of the Nation

In 1984 the director of the INPC declared the historic center of Quito and its urban landscape a heritage site of the nation. Quito was bestowed this recognition due to the series of municipal ordinances that clearly demarcated the area, the creation of the committee of the historic center, and of course the recognition by UNESCO as a site of World Heritage. The Committee of the historic center was charged with ensuring the fulfillment of the duties associated with this declaration, according to article 42 of the Law of Cultural Heritage. However, no additional funds were

transferred to the local government to ensure the preservation and conservation of the site.

On March 5, 1987 Quito suffered a devastating earthquake which damaged a number of buildings and monuments in the historic center. In order to create a fund to finance the rehabilitation the National Congress passed the Law of the Creation of the Fund for Salvation of Cultural Patrimony (FONSAL) in 1987 (Law No. 82). The law created an economic fund for the restoration, conservation, and protection of physical and cultural heritage in Quito. The economic fund consists of 3% of ticket sales for public events in the historic center, 10% of the National Fund for Emergencies and Donations, and lastly 6% of the municipality's tax income. Although this law was passed at the national level, the municipality was charged with its management. Even though the law was passed in 1987, it was not until 1989 that a technical team was hired to execute its mandate. Since then FONSAL has been responsible for the rehabilitation of over 500 buildings and monuments in the historic center. The creation of FONSAL and its income as a percent of taxes, as well economic autonomy from the municipality granted in 2001 ensures the long term sustainability of projects in the historic center. FONSAL has played an integral role in the rehabilitation of the historic center. Unlike the INPC, FONSAL's tax income guaranteed through federal law has ensured a significant operations and project budget. With regard to the issue of informal commerce, FONSAL intervenes as an institutional actor and as a contributor of financial resources. However its mandate does not charge them with managing the issue of informal commerce, although currently it is responsible for the oversight and financing of the Unit of Popular Commerce.

Master Plan for the Integral Rehabilitation of the Historic Areas of Quito (1992)

The late 1980's give way to another perspective of the historic center, that of a political and governance problem. This idea is first introduced in 1992 in the Master

Plan for the Integral Rehabilitation of the Historic Areas of Quito. This plan was produced through collaboration between the Department of Planning and the Spanish Cooperation. Over 40 professionals worked on the plan over two years from 1989-1991. It marks a process of planning focused on the agreement between public and private interests and pays attention to both the social development and territorial organization of the city. The plan focused on four main areas: social aspects, history, architecture, and urbanism (IMQ, 1991).

The most important outcome of this plan was an inventory of physical patrimony, which carefully cataloged over 5,000 buildings and monuments of historical interest. This plan also marked a departure in municipal thinking about the historic center. Previous plans focused on the issue of patrimony and the preservation of monuments, paying little attention to the issue of informal commerce. Informal commerce was always considered a problem in the historic center in the prior plans, however, those plans tended to treat the issue as something that would eventually disappear or simply go away, which did not affect the physical projects. This plan begins to consider informal commerce as an integral part of the historic center and an obstacle to rehabilitation. In this sense the municipality is obligated to take into account the reality of the informal vendors, at the same time considering the development of the city center. As a result, the municipality begins to intervene in the economic activities of the historic center, in particular with regard to the control of public space and the sale of perishable products. These interventions have in mind the preservation of the physical patrimony, the care of public space, and the improvement of sanitary conditions in the historic center.

The plan led to an emergence of municipal ordinances regarding the historic center and the use of space. One of the most important ordinances was 2796 of 1990; though the plan was not finalized until 1992, this ordinance is an outcome of the

development of the 1992 plan. This ordinance regulates informal commerce in public space. It divides the vendors into three categories: permanent vendors who occupy public space all year, cyclical vendors who occupy public space during certain festivals, such as Christmas, and roaming traders who circulate in the public space without a permanent place of sale. Permissions were to be regulated by the Department of Markets to individual traders, however in reality permissions were issued to vendors associations and this practice was frequently cited as corrupt and unfair by a number of municipal officials and vendors. The regulation of the vendors fell upon a number of authorities at this time, including the Department of Markets, Department of Planning, the Metropolitan Police and later the AZC. However, the lack of coordination among these authorities resulted in numerous ordinances and little regulation. In addition, the issuing of permits through traders associations consolidated the power of certain associations.

The ordinance 3050 of 1993 is perhaps one the most important and is still in use today. It clearly references the importance of the physical and cultural heritage in the historic center and its contribution to Quito's designation as a world heritage site. It encourages a rational and adequate use of space, attempting to regulate the amount of space vendors occupy in the historic district, by limiting the occupied area to 25% of the public space. The following year ordinance 3125 of 1994 was issued, which attempted to regulate exterior publicity on buildings, as the municipality considered the present state a visual contamination of the landscape.

The Master Plan is the largest and most comprehensive plan with regard to historic areas of Quito, including the historic center which takes a primary role in the plan. The inventory is perhaps the most important piece of this work, cataloging for the first time all buildings and monuments and analyzing their state and conservation needs. A number of projects supported by FONSAL and other municipal institutions

emerged out of this plan. However, the plan was large and ambitious, preventing the implementation of most of the recommendations due to the limited resources of the municipality. Regardless, this plan still serves as the primary reference point for historic areas in Quito.

Special Plan for the Historic Center of Quito (2003)

The Special Plan for the Historic Center of Quito was developed with the collaboration of the Junta de Andulucia and the Municipality. This plan focuses solely on the historic center and presents a strategic update highlighting the social aspects of the historic center. In particular, the plan focuses on the relationship between stakeholders, physical territory and legal framework. It is not concerned with rehabilitation and physical structures, as the previous plans are (IMQ, 2003). Although by the time this plan was published in 2003 the issue of informal commerce was primarily been resolved, this plan raises the issue on a number of occasions.

According to the Special Plan for the Historic Center of Quito the magnitude of the informal commerce activities in the historic center forced the municipality to respond to the multiple and competing interests in the historic center. These include: (1) the historic center as a site of cultural patrimony and world heritage site, (2) the function of the historic center in the global urban structure (3) the development of income initiatives to ensure the sustainable future of the historic center (4) the existence of social organization in defense of informal commercial activities, and (5) a public opinion which is generally adverse to the proliferation of informal activities. It defines a number of problematic aspects of the historic center, including visual contamination of heritage by signs and street commerce, commerce that generates access problems of vehicles and transportation and congests public streets and sidewalks. It also notes the lack of enforcement of the norms and laws controlling the use of space (IMQ, 2003, p. 56).

The Plan outlines five principal strategies which can assist in resolving these issues: (1) development of interventions which will generate positive synergies from the inside of the historic center outwards, (2) the strengthening of priority zones and the creation of recuperated spaces, (3) development of the residential capacity of the historic center (4) improving accessibility and mobility of both vehicles and pedestrians, and (5) revaluation of public space, taking advantage of its potential and symbolic richness (IMQ, 2003, p. 63). What makes this plan unique is it provides information on social aspects and the residential and working population of the historic center. However, like other plans the implementation of the project and strategies is slow and incomplete.

Plan Equinoccio 21 (2004) y Quito hacia el Bicentenario 2005-2009

At the turn of the 21st century, the municipal authorities begin to take a different view of the city of Quito. Municipal politics are oriented towards placing Quito in a global dimension. The Plan Equinoccio was introduced in 2004 under Mayor Paco Moncayo and outlines a strategic plan for the next 20 years, until 2025. The Plan Bicentenario is part of the Plan Equinoccio, but outlines a shorter program of specific projects and orients the goals over the next four years. These plans try to locate Quito in a global context, a significant change from the previous plans. The strategic plan focuses on four main areas: political, social, economic, and territorial conditions of the city. It discusses at length the importance of the deconcentration of activities and creation of various central areas within the city, including administrative services and retail. The historic center is only mentioned briefly in this plan with reference to revitalization as an essential element for the local identity (IMQ, 2004 p .44). A brief section is dedicated to the potential of the historic center as the engine of economic growth and symbolic node of the city. The plan notes the need for residential recuperation, its functional integration into the city as a whole, and the

value of its public spaces and heritage assets (Ibid, p.44). Although the informal vendors had transferred to the new markets at this point, the maintenance of the new markets and future projects are not mentioned in this plan. Informality is discussed briefly in terms of underemployment (Ibid, p. 21), as well as the need to integrate the informal economy into the city (Ibid, p.46). The Plan Bicentenario discusses some specific projects for the historic center, primarily as a part of “Plan Q”, master plan for tourism and the Plan for Management and Development. Although the larger strategic plan discusses the issues facing Quito on a metropolitan scale, the projects developed in the Plan Bicentenario give significant attention to the historic center.

Plan Q outlines a project, “Network of Tourist Services Q” to be managed by the Metropolitan Tourism Corporation that would improve the tourism services of museums, hotels, restaurants and bars through the creation of a calcification system. The plan for management and development includes a number of projects focusing on improving transportation and parking in the historic center, urban regeneration and image improvement of emblematic neighborhoods, as well as the construction of 1,000 residential units. The projects will be carried out by INNOVAR and FONSAL.

The strategic plan and the project plan place Quito in the global scale. The historic center is portrayed as a critical object in terms of the cultural property that constitutes one the principal resources for the development of both the city and the nation.

Informality, the Municipality, and the New Constitution

Municipal plans and ordinance illustrate periods of tolerance and intolerance towards informality. Throughout out the 1970s and 1980s, the municipal government of Quito had a relatively tolerant attitude toward informal markets and street traders. Traders were occasionally fined, however a lack of clarity on the rules and regulations regarding zoning made this difficult and infrequent (Farrell, 1983). In the 1970s and

1980s, the plazas of the historic center were sites of active and thriving economic activity. The image of the plaza as a symbolic urban space for leisure and pastime activities had disappeared. In the 1990's, municipal authorities started to become increasingly concerned with re-imagining the historic center as a whole. This prompted municipal action, which resulted in the ban of trading in the plazas and squares of the historic center, which have been free of informal commerce by the early 1990s, maintained only through police presence (Bromley, 1998). The broader policy concerns combined with new perceptions of public space, conservation planning, which came about in the 1990s, and the continuing expansion of informal markets caused the municipality to take a less tolerant view of informal commerce. This new attitude is most clearly demonstrated through municipal plans starting in the mid-1990s. Most plans demonstrated a high level of intolerance toward informal traders, however little action was taken to restrict or regulate their activities.

The current attitude of intolerance towards street vending could become problematic for the municipality in the future. In 2008, Ecuador ratified a new constitution which contains a right to work clause. Article 33 states that:

Work is a right, a social duty, and an economic right, a source of personal development and an economic base. The State shall guarantee workers full respect for their dignity and decent living wages (Ecuadorian Constitution, 2008).

Article 325 goes on to clarify that:

The State guarantees the right to work. It recognizes all types of work, dependent or independent, subsistence work and human care ... (Ecuadorian Constitution, 2008)

Alberto Acosta, President of the National Constitution Assembly, interprets this to mean that those seeking to make a living in the informal sector, like street vendors, can no longer be harassed, fined, or have their goods confiscated by local authorities (Lucas, 2007). Municipal ordinances cited above which have been

designed to regulate informal activities are technically invalid. However, as later discussed in Chapter 6, the municipality still makes an effort, regardless of the new constitution, to regulate street vending in the historic center.

The control of street vending, at least in the historic center, is a critical element to the redevelopment and re-imaging of the historic center. The creation of a new urban image was a priority for the municipality; it was also considered a crucial component to creating new economies in the historic center. In order to create this new image, external financing was required.

THE INTER-AMERICAN DEVELOPMENT BANK AND THE REHABILITATION OF THE CHQ

In Quito, the financing of the historic center has been converted into one of the key elements of municipal action. As demonstrated by the municipal plans, the historic center began to take a key role beginning in the 1940's. However, its importance as a local, national, and global piece of heritage began to become dominant in the late 1970's and early 1980's. By the early 1990's, Quito had developed a master plan for the historic center, FONSAL was created and charged with the mandate to invest its resources in the conservation of the principal colonial buildings. It soon became clear to the municipality that the local resources provided through FONSAL and limited interaction with international organizations would not be sufficient to fulfill the local and international visions of the historic center.

In the early 1990's the municipality approached the IDB about financing a large scale rehabilitation of the historic center. The IDB felt that what was lacking in order to fully restore the historic center of Quito was the involvement of the private sector and civil society (Rojas, 1999, p. 2). In January of 1994 the municipality delivered a solicitation for credit to the IDB to rehabilitate the historic center in the amount of 24.6 million loan and a 6.2 million contribution from the municipality

(IMQ, 1994). The solicitation focused primarily on the tourism-conservation link. However, as the IDB and the municipality began to prepare the project, it became clear that tourism development would only be able to justify a minimum part of the investment required to conserve the historic center. The IDB considered that the conservation of the historic center was, in fact, a vast urban rehabilitation. The project would require careful planning and full involvement of the private sector for its successful implementation.

The loan was approved later that year in September for an amount of 41 million and a municipal contribution of 10.3 million, in land, buildings, and cash, for a total investment of 51.3 million for the historic center. The project titled “The Quito Historic Center Rehabilitation,” was completed in September of 2003. The borrower is the Municipality of Quito, and the guarantor is the Republic of Ecuador.

The loan proposal begins with a history and evaluation of the actual state of the historic center. The historic center is described as suffering decades of deterioration and an accelerated process of informalization in the area. These processes have impacted the functional value of the historic center, as well as prevented the conservation of architectural infrastructure and monuments. The history of informal commerce continues along the same line of thought of the municipal plans. It describes its growth in recent decades and attributes the loss of the historic center’s place in the city and its value to the trading activities (IDB, 1994).

The long-range objective of this project was to preserve and rehabilitate the Historic Center of Quito as a cultural treasure, restore its functional importance, revitalize traditional services and commerce by affording easier access to the goods and services, and foster the appropriate use and maintenance of its public and private buildings to make them more attractive to visitors. This program comprises rehabilitation of historic buildings, upgrading of sidewalks, installation of signs and

other street facilities, construction of five parking garages, establishment of a rehabilitation fund, creation of a semi-public firm to promote private investment in the historic center, as well as the administrative, technical and managerial strengthening of the executing agency, the Municipality of Quito. The program also promoted tourism, urban renewal and historic preservation to help halt spreading urban problems, such as traffic congestion, pollution, crime, and overcrowding. The institutional strengthening of the executing agency, the municipality, will assist it to develop its managerial capacity and provide funds for studies. Before any of the above objectives could be accomplished, the issue of informal trading had to be dealt with.

A central element of this project is the establishment of a mixed capital corporation, using proceeds of the loan. The creation of the Historic Center Development Corporation (ECH), a semi-public corporation, to execute the programs and, using the rehabilitation fund to promote private-sector investment in the historic center of Quito. The ECH was created in 1994 with the objective of promoting the integral rehabilitation of 154 blocks corresponding to the nucleus of the historic center. The IDB loan financed investments in public spaces for which the municipality is responsible and provided risk capital for the company. The ECH executed investments in public spaces (under contract with the municipality), and is engaged in a variety of rehabilitation projects for its own buildings. It has also forged partnerships with private owners and investors. The real estate owned by the ECH as a result of its activities is to be sold in the market and the proceeds of the sales used to finance new ventures. 15 million of the loan was allocated for joint ventures with the private sector.

The IDB's experience indicates that a key feature of successful implementation mechanisms is the ability to efficiently distribute benefits and risks among public and private actors. According to the IDB, the institutional mechanism

objective of the mixed capital corporation (public and private) was to carry out investments to preserve historic centers. In this type of organization, equity comes from private investors and public sector entities, and representatives of both sectors share control of the corporation in proportion to their contributions. In most of the international examples of this type of organization, the public sector has a majority share, reflecting the fact that the community is the main party interested in preserving heritage. The private sector is usually represented by civil society organizations, which benefit by participating in these corporations because it expands their sphere of action and influence, and by private real estate investors, who want preferential access to information and business opportunities in the historic centers, which from a real estate perspective are often new and untapped markets. The presence of the public sector in mixed-capital corporations offers guarantees to private investors because it signals the community's commitment to heritage conservation and it can facilitate the relationship with regulatory bodies, thereby lowering the transaction cost of investments. In addition, the public sector can share with the private sector the inherent risks of investments that are often breaking new ground in local real estate markets. In short, the presence of public capital mitigates the real or perceived risks for private investors who venture into deteriorated historic districts. It also allows the community to capture part of the benefits generated by the improvements once the process takes off and becomes lucrative. In addition to providing money for real estate investments, private investors in mixed capital corporations bring knowledge of the real estate market and efficient mechanisms for selling the restored buildings. According to the IDB, this marriage of convenience is the best guarantee for the success of heritage conservation efforts involving public and private actors. Barcelona is a good example of this type of organization, where mixed-capital corporations organized to rehabilitate the historic center of Barcelona.

Based on Barcelona's successful rehabilitation of a large section of its historic center spearheaded by a mixed capital company, the municipality of Quito as part of the IDB loan created a new, semiautonomous, non-profit development corporation, the ECH. The ECH was the first such public-private urban development entity in Latin America for heritage management. It was given funds and properties previously purchased by the municipality of Quito and, in 1994, the Inter-American Development Bank approved a US\$41 million loan to help finance its first six years of operations. Creating the company was a critical step as it made it possible for a public authority to work closely with the private sector. The company operates in many ways like a private company, using streamlined contracting and procurement procedures to create new business enterprises within the historic centre. ECH's mission is to entice private investors by taking the up-front risk in the rehabilitation of public spaces and contributing to the rehabilitation of buildings for private use through joint ventures with owners and private investors. After completion, the company sells its share in the buildings to free up capital for new projects and further rehabilitation. Not all of the ECH's projects, however, have a commercial dimension.

In Quito, the ECH was charged with carrying out the objectives of the IDB loan, among them environmental improvement, social sustainability, and the economic reactivation of the historic center. In order to achieve these goals, the ECH commissioned studies related to the above topics, including a Plan for the Reorganization of Informal Commerce. One of the strategic objectives of the IDB loan, as well as the municipality was the recuperation of public space for the use by all citizens, making a reorganization of street vending a top priority. A multidisciplinary team was formed from various municipal institutions including FONSAL, ECH, the Department of Planning, and the AZC to design and implement a plan for the relocation and negotiation with the vendors, as well as the construction and in some

cases rehabilitation of the buildings destined to house the vendors. The modernization of informal commerce is still on going, but the progress made with the informal vendors is considered by the ECH to be the most successful component of the recuperation of the historic center so far (ECH, 2004, p.4).

CONCLUSION: PLANNING AND IMPLEMENTATION

The plans and ordinances illustrate the vision of local government and planning over time. Since the 1940's, the historic center was viewed as a potential tourist destination with a monumentalist approach. It was not until the 1980's that the failure to achieve an internationally recognized tourist destination was attributed to an issue of governance, rather than failure to conserve the physical architecture. The 1990's and original solicitation to the IDB still illustrated a focus on tourism, but also recognized the importance of dealing with the social and governance problems facing the historic center and the municipality. However, the final loan agreement with the IDB portrays a shift from tourism to an integrated vision for the historic center that includes real estate and business development, along with the development of social programs for its users.

As indicated in the plans and ordinances, planning in Quito was characterized by several decades of lengthy plans and ordinances combined with little implementation. Failure to implement the visions described in the plans and the ordinances that would regulate and control urban growth and activities can be ascribed to lack of financing and a weak institutional structure. In 1994, this changed as a major donor appeared and institutional strengthening became a priority. The ability to foster a new period of implementation was challenged by the population's perception of the municipality as all words, no action. In order to change this, the next decade of planning in the historic center was characterized by four factors that came together in the early 1990's: 1) local initiative and international catalyst, 2) local citizen

participation, and 3) the development of a semi-private agency and 4) an improved image of the historic center.

Though Quito received international recognition in 1978, interventions in the historic center were limited and plans demonstrate a singular vision, that of a tourist destination. It was not until the municipality developed a relationship with IDB, and later secured financing, which proved the catalyst for various interventions in the historic center. The time between 1978 and the early 1990's are also characterized by municipal leadership with a lack of vision for the historic center. Though it took decades for the municipality to seek and secure financing, it is unlikely that this financing would have been made available without the UNESCO designation. A new era of municipal leadership in combination with international recognition paved the way the rehabilitation project.

The development of the ECH, as discussed above, provided the flexibility and financial freedom of local government bureaucracy, particularly given the complex nature of the project. The inclusion of civil society in the planning process ensured that stakeholders in the historic center had reached at a minimum a consensus, and in other cases direct benefits from the rehabilitation. Lastly, the importance of improving the image of the historic center locally, nationally and internationally can not be overlooked. Efforts to improve the image of the historic center have led to significant changes in perception not only by tourists, but locals alike. This has contributed to the revitalization efforts by increasing local pride and securing citizen support for the dramatic changes taking place. However, creating a new image is a lengthy process. Residents, tourists, and investors still cling to old ideas and images of the historic center, regardless of the tangible and intangible changes in the last decade.

CHAPTER 5

Does Urban Rehabilitation Always Mean Exclusion? The Reorganization of Informal Vendors in the Historic District of Quito

After the IDB and the Municipality of Quito signed the final loan agreement in 1994, the large scale project for the rehabilitation of the historic center began. Before major physical renovations could take place, the municipality needed to create a solution with regard to the approximately 10,000 informal vendors who worked in historic district, the majority utilizing sidewalk and street space to sell their products.

The IDB loan project description stated that the situation of the street vendors facilitated environmental deterioration and discouraged investment, a principal requirement for a sustainable conservation process. The loan also provided funds, US\$ 100,000 to develop an action plan and investment program for the reorganization of public markets, since the “occupancy of street traders” was considered a risk which could jeopardize the execution of the project (IDB, 1994, p. 17). In fact, one of the conditions for disbursements after the first 12 months of the project was “the implementation by the Municipality of Quito of the revised version of the municipal ordinances that regulate street vending and the use of public space (IDB, 1994, p. 20).”

Under pressure from the IDB, UNESCO, as well as a public movement to recuperate the historic center, the municipality began to seriously consider a plan to remove or relocate the street traders of the historic center. This chapter examines the negotiation process that led up to the relocation of street traders into municipal markets in 2003. The negotiation process opened new political spaces for dialogue and the transfer from the street to the market created new forms of informality. The

Quito case is interesting because it provides another example (as with Mexico City) of the ways in which informality can become semi-formalized in a municipal led project.

The negotiation centered on the use of public space in the historic district, which for the last 40-50 years had been occupied by informal vendors. As discussed in chapters 2 and 3, the municipality and vendors both have incentives and disincentives to formalize. The negotiation that took place from 1996-2003, demonstrates a peaceful resolution to what is often a violent and forceful eviction of vendors.⁴¹ It also illustrates the creation of a political space for street vendors, where they exercised new found citizenship rights, as they participated in local politics. At the same time, it reveals a complex hierarchy of actors in the informal sector, ranging from the ambulant street trader without primary education to traders who have won public elections for the town council and congressional representatives. This chapter argues that the convergence of international and local interest in the historic center created the political and economic space for dialogue and resulted in a semi-formalization of the fixed post vendors. It also exacerbated existing conflicts between vendors associations; encouraging some associations to become more politically engaged, while others became more distrustful of the municipality. However, a new found political importance of the vendors allowed them to open up spaces of negotiation (Hanley, Ruble, and Garland, 2008); permitting coalition building and claims making, not only on public spaces, but also on the city (Mollenkopf, 1983; Lefebvre, 1981; Sassen, 1996).

The information for this chapter was obtained through author interviews with association leaders, vendors, and present and past municipal employees. I identified informants through secondary sources and a reputation method to ask interviewees to

⁴¹ Lima is an example of a forceful removal of street vending in the historic area (see Dias 2001).

supply the name of other potential informants relevant to the research. The semi-structured interviews illustrate the variety of attitudes of the relocation project and the experience of the vendors and municipal officials. Additional information was acquired through documents at the AZC archive, Quito and INNOVAR/ECH archive, Carapungo. Plans for the relocation of vendors, meeting minutes, municipal bulletins, and other documents were collected and reviewed. In addition, videos of the meetings were obtained from the AZC. These methods allowed for a reconstruction of events, as well as provided insight into the dynamic nature of the negotiation process.

INFORMALITY AND PLANNING: INCENTIVES AND OBSTACLES TO FORMALIZATION

As indicated in the plans and ordinances discussed in Chapter 4, the municipality of Quito has attempted to manage and control street commerce in Quito, particularly in the historic center for decades. The municipality's efforts have included formalization of vendors by requiring permits and other forms of authorization. Incentives for officials to formalize street vendors through these measures can be strong. Requiring vendors to pay a tax in return for their use of public space, for example, can generate a substantial amount of revenue for the municipality, particularly in districts where thousands of vendors occupy the streets. Imposing a tax can also provide officials with a mechanism to control the number of vendors on the streets and provide a justification to expel those who evade the tax. Permits and authorization requirements help officials enforce other policies that attempt to formalize vendors; for example, officials can deny permits or threaten the confiscation of authorizations from vendors who fail to comply with regulations. Limiting authorization to a finite number of vendors in a given area can control the entry of newcomers to already crowded streets. Permits can also provide elected officials with an inexpensive way to buy the votes of vendors who live in the same district in which they work. There are often strong incentives to offer vendors inducements to comply

with formalization measures rather than relying on force for their implementation. Benefits for vendors who pay taxes and hold permits can make compliance with formalization measures more likely and can encourage vendors to develop enforcement procedures themselves to make sure that they avoid losing their privileges. Self-regulation among vendors in turn helps alleviate the administrative costs of regulation for the municipality, and it can prevent costly confrontations between the two sides.

However, officials also face disincentives for implementing formalization measures. By charging a tax for the use of public space, officials also cede vendors who pay it the right to occupy the streets, though officials, at least in theory, still control its use. Granting vendors this right can encourage them to resist additional policy measures that interfere with occupancy rights. It can also make it more difficult for officials to justify expelling vendors with the use of force, particularly when there is some degree of public sympathy for vendors. Thus, a tax can both inhibit and support the municipality's ability to enforce formalization measures. Even though the tax can be abolished, it may constrain the choices of formalization measures available in the future. Incentives against requiring permits and other forms of authorization can be compelling. Implementing a permit program effectively would generate substantial administrative costs, particularly if the government is committed to minimizing fraud and ensuring individual compliance with formalization measures. It can also legitimate claims to public space and constrain the ability of policy makers to remove those who hold authorization.

Offering vendors inducements and concessions in exchange for their compliance with formalization measures also clearly imposes limits on a municipality's ability to develop and implement the full range of policy options. For example, if officials grant vending organizations the right to participate in policy

decisions as a way of encouraging compliance, certain options for controlling public space, such as prohibiting vendors altogether from working on the streets may no longer be viable due to their legally recognized presence. Incorporating vendors into the policy process further legitimates their presence in the streets which in turn can exacerbate public policy problems if taxation and licensing mechanisms are ineffective.

Municipal officials responsible for managing street vendors often face problems of congestion, noise, crime, and threats to public health that are severe enough warrant intervention in the street vending sector. However, implementing full-scale formalization measures may not always be the best option. Rather, governments face conflicting incentives to selectively implement certain elements of formalization under certain conditions. Street commerce remained disorderly in Quito because the municipality chose not to regulate it. This was not due to lack of ordinances and regulations, but rather failure to enforce ordinances and an authorization program that was poorly executed by the department of markets.

The fact that local government issues an endless number of regulations and ordinances to control street commerce, does not guarantee that those regulations are followed or enforced. Indeed, de Soto's study of the informal economy in Peru argues that excessive bureaucratic regulations create strong incentives for citizens to avoid compliance with the state's legal framework (1989). In the case of street vendors, the excessive costs of registering one's business, paying taxes, and complying with a multitude of regulations may discourage vendors from formalizing their businesses, indicating a need to simplify regulation. According to this perspective, street vendors choose to evade regulations. Street commerce therefore may remain chaotic because vendors oppose formalization measures and intentionally avoid regulations meant to govern them. However, fixed stall vendors may have an incentive to comply with

certain regulations, particularly those that grant them permission to vend from fixed posts in the street in exchange for compliance. If taxes are to be paid in exchange for the right to occupy public space, vendors who pay the tax would not face the threat of police expulsions, at least in theory.

The incentive to obtain a secure workspace can far exceed the disincentives to evade the tax. Fixed post vendors therefore may have a strong incentive to support local policy measures that require permits. Authorization can serve two purposes, both of which protect vendors who already have fixed posts in the streets from potential threats. First, permits can protect vendors from arbitrary treatment on the part of the municipality, as long as vendors hold proper authorization. The police cannot arbitrarily expel them from the streets. Second, permits can also limit the number of competing vendors who are authorized to vend in a particular area and provide some order. The prospect of limiting competition can be attractive enough to encourage vendors to support formalization measures. In Quito, vendors self regulated in an effort to limit the number of vendors on the streets. Complying with regulations can also earn vendors certain types of benefits and concessions that they may not otherwise obtain, such as policy participation at the local level, in the hopes of incorporation into the decision-making process, which could encourage effective agreements. Oftentimes, street vendors are excluded from such engagement because they lack power and/or organization.

Vendors face incentives to evade formalization measures as well. The requirement to pay daily taxes on their use of public space clearly imposes a monetary cost, and for vendors who may only earn a small profit each day, such taxes can be burdensome. In addition, paying taxes in theory should protect vendors from arbitrary expulsion by granting them the rights to use public space. However, governments may benefit from an asymmetrical power relationship that would allow them to expel

vendors unilaterally. Perhaps more significantly, it also can imply substantial bureaucratic costs of the sort that de Soto argues can drive street vendors away from the legal system (1989). Simplified regulation for small retailers could resolve these differences.

While inducements and concessions, like policy participation, can offer street vendors an unusual opportunity to influence the decision-making process, they can also limit the autonomy of vending organizations. If participation is limited to representatives of vending federations and associations, leaders must select a handful of representatives from vending federations and/or associations to participate. Granting these representatives the authority to speak on behalf of all vendors in a given area requires rival leaders to sacrifice their own ability to strike separate, bilateral accords with local officials. Ceding negotiating authority to federations can be an unattractive option for leaders who have fundamental disagreements or rivalries with those who are selected to be representatives. Street vendors thus face conflicting incentives to comply with individual formalization measures. Conflicts between vendors and governments do not reflect a uniform desire on the part of vendors to remain informal; rather, they reflect the difficulty for both sides to reach stable agreements that account for a variety of conflicting incentives.

The vendors in the historic center of Quito are a heterogeneous group of actors, some with more political and social capital than others. The long negotiation that resulted in a semi-formalization of fixed post vendors illustrated the pros and cons of formalization measures from both sides. As is the case with all negotiations, there are some winners and some losers. Quito is no different; however what is unique is the long process of consensus building regardless of pressures from international institutions to push the project ahead. A number of key actors and municipal

departments were involved in the process, which took place primarily from 1996-2003.

THE MUNICIPALITY AND THE MANAGEMENT OF INFORMAL VENDORS

The development of a relocation plan, the complex process of negotiation, and the management of the relocation required an inter-departmental effort, coordinated among a variety of divisions and offices of the municipality of Quito. The primary municipal departments engaged in the process were: AZC, ECH/INNOVAR, Department of Markets, the Department of Territorial Planning, the Metropolitan Police, FONSAL, the Executive Unit of Popular Commerce (UECP), and the Mayor's office.

Department of Markets

The Department of Markets did not directly participate in the negotiation or relocation process of the vendors. However, this institution provided key information. They held the registries of individual vendors and traders associations. Prior to the creation of the AZC, the Department of Markets was responsible for issuing permits for street vending in the historic center. This department is now known as the Department of Commercialization and is responsible for the management of three municipal markets not located in the historic center, including the wholesale market. The wholesale market (Mercado Mayorista) located in the south of Quito is occupied by former historic center traders, who worked previously on the streets during the market days of Tuesday and Saturday. In 1994, in conjunction with the creation of the AZC, the management of street vendors was decentralized to the zonal administrations.

Administration of the Central Zone - AZC

The Administrator of the AZC has delegated authority from the mayor to manage the central zone of Quito, which geographically includes the historic center and surrounding neighborhoods. The AZC was the principal department designated to manage the issue of street vending and to negotiate with the vendors beginning in 1996 until 2001, when the UECP was created and took over this responsibility. The AZC still remains in charge of controlling the use of public space in the historic center. Since 1996, four administrators were in charge: Rosario Proaño, Monica Moreira, Lourdes Rodriguez, and Ines Paz Miño (Table 15). After 2003, the responsibility of negotiating with vendors was returned to the AZC from the UECP.

ECH/INNOVAR

As the primary executing agency for the IDB loan, the ECH/INNOVAR, managed the funds for the project. Although representatives from the ECH/INNOVAR generally did not directly participate in the negotiation process, they were part of the inter-departmental meetings regarding the vendors. The ECH/INNOVAR also provided the funds (from the IDB loan) for the study of informal vendors in the historic center, training for municipal employees and street vendors, as well as financed the later construction of the municipal markets.

Department of Territorial Planning

The Department of Territorial Planning participated directly in the negotiation process at some key moments. However, this department primarily provided assistance with planning related aspects, such as the location of activities, circulation of traffic, provision of public services, and development of plans.

Table 15: Mayors of Quito and Administrators of the AZC 1992-2008

Year	Mayors of Quito	Year	Administrators of the Central Zone	Main Accomplishments
1992-1998	Dr. Jamil Mahuad (Christian Democratic Party)	1996-1999	Rosario Proaño	Initiated negotiation with vendors. Removal of some temporary vendors from plazas
1998-2000	Roque Sevilla (Christian Democratic Party)	1999-2000	Monica Moreira	Negotiation with select vendor associations; some signed agreements
2000-2008	General Paco Moncayo (Party of the Democratic Left)	2000-2003	Lourdes Rodriguez	Continued negotiation and agreements, in coordination with newly created Unit for Popular Commerce (2001)
		2003-2008	Ines Paz Miño	Relocation of Vendors and continued negotiation with associations who did not relocate in original project

The Metropolitan Police

The metropolitan police have a special role in the historic center. They carry out three principal activities in the historic center. First, is the enforcement of pedestrian Sundays where the police are charged with maintaining a vehicle free historic center. Second, since 1996 the unit of tourist police is available to assist tourists and provide information about the city. They also accompany the municipal tours in the historic center, providing security to the tourists and guides. Lastly, the metropolitan police coordinate with the AZC to control the public space in the historic center and keep the streets of the historic center free of informal commerce. They achieve this primarily by fining illegal vendors and confiscating their goods.

Perishable items are donated to charities operating in the historic center and non-perishable goods can be collected by the vendor after the appropriate fine is paid.

Salvation Fund (FONSAL)

Like the ECH/INNOVAR, FONSAL has primarily provided financing for the project, rather than participate directly in the negotiation. FONSAL's primary responsibility is the conservation of buildings and the coordination of cultural events. The presence of informal commerce made the execution of this mandate difficult. Since FONSAL's budget is autonomous from the municipality, and guaranteed by federal law, FONSAL contributed a significant amount of financing. In addition, FONSAL finances and manages the Executive Unit of Popular Commerce (UECP), as the municipality lacks funds in the municipal budget to finance this department.

Executive Unit of Popular Commerce (UECP)

This unit was created in 2001. Its main responsibilities included taking over the process of negotiation with the vendors from the AZC from 2001 until 2003. Today, the UECP is responsible for managing the new commercial centers. The UECP is managed and financed by FONSAL, mainly due to the availability of funds. The first director, General Carlos Cobos (2001-2003) played a key role in the negotiation. The second director, Colonel Luis Montalvo (2003-2008) was responsible for executing the final relocation in accordance with the agreements reached with the vendor associations, managing the new markets and ensuring that the vendors remain inside the markets and do not return to the streets.⁴²

⁴² See Chapter 6 for a discussion of the new markets

Mayor's Office

Mayor Sevilla and Mayor Moncayo were directly engaged in the process of negotiation with the vendors, sometimes attending meeting themselves. During Mayor Moncayo's administration, Diego Carrion, Secretary of Territorial Development, represented the mayor at weekly meetings of the team in charge of negotiating with the vendors, providing a direct link to the mayor's office. This team was composed of representatives from the AZC, FONSAL, ECH/INNOVAR, Department of Territorial Planning, and UECP. Occasionally, town council members were also involved. The institutional coordination and direct involvement of the mayors were key factors in the success of dialogue and negotiation.

THE STREET VENDORS: ASSOCIATIONS TO FEDERATIONS

Prior to the creation of the AZC and UECP, the Department of Markets required that all organizations of vendors that utilize public space register. Once registered, the organizations are prohibited from increasing their membership, in an effort to control the number of street vendors. However, in practice, not all organizations were registered, many inflated their membership numbers, and others increased their membership since original registration.

The number of organizations registered with the Department of Markets has fluctuated over the years, as they consolidate, deregister, dissolve, or form new organizations. In 1993 there were only 58 organizations registered. However, by 1994 there were 105 and in 1995 only 81. In 1996, the leaders of the informal vendor associations claimed that in reality, there existed 96 organizations, of which only 81 were officially registered with the Department of Markets. It was estimated, at this time, that the vendor organizations represented approximately 65% of the vendors in the historic center (IMQ, 1996). In addition, of these 96 associations, less than ten were legally registered with the national government. In order for organizations to

receive any type of government assistance, municipal or federal, they must be legally recognized by the national Department of Economic and Social Inclusion. This process requires a lawyer and the payment of various fees, which is why the majority of associations were not legally recognized by the state at the time of the negotiation (Estrella, 4/24/2008).

The associations serve to protect the rights of their members to work in public areas, settle disputes between members, as well as between members and other vendors, as a liaison between the municipality and the Direction of Markets, and also to extend credit or to facilitate credit to members. Associations also provide security and protect the right of the member to work on the street. In exchange for these protections, members pay a monthly fee, which varies by association. Vendor Associations are often viewed as corrupt by the municipality in part because the membership fees are frequently higher than amount charged by the municipality and the Direction of Markets. Credit is often extended through informal means, which is exceptionally expensive in comparison to traditional forms of credit.⁴³ The associations in the historic center of Quito are geographically formed, mostly representing certain street blocks; others may represent an extended family or can sometimes be formed on the basis of a product category. These small organizations are concerned with obtaining permission for their members to use certain street locations, from both the municipality and through the internal regulation of the street vendors themselves.

The vendors have substantial disruptive capacity, given their numbers and level of organization. Many have been vending in the streets for decades and were unwilling to concede their space and relocate to other areas of the city as proposed by

⁴³ Although it is difficult to estimate the rates charged by informal creditors, some evidence in municipal documents indicated that annual interest rates of 40-60% are typically charged (IMQ, 1996).

the municipality during the early stages of the IDB project. In reaction to the municipal proposals, the vendors organized protests on numerous occasions with the primary goal of defending their space in the streets, no matter what cost.

Associations or Mafias?

During the negotiation, the municipality became aware that street space was being sold and traded between vendors and associations. This was the foundation for municipal authorities to regard many of the associations as fraudulent and their leaders as swindlers. The local press and municipality often referred to these organizations as mafias. The most famous was Mama Lucha, who was considered the owner of Mejia Street in the historic center. She charged two US dollars a day per market stall for rights to work in this area (Cobos, 5/5/2008). Other organizations functioned under similar conditions. Municipal representatives stated that some street spaces had been traded for as much as US\$500, and market stands for over \$3,000 (Estrella, 4/24/2008 and Moreira, 3/10/2008). These transfers and sales of public space had no standing in law and were perceived by the municipality as legitimizing permission to occupy the space, when in reality it did not. The municipality viewed this as a form of corruption and abuse by the association leaders of their members.

Federations and Fronts

Although a number of associations could be considered mafia or criminal type organizations given their illegal activities, they also provided a means for contact and negotiation for its members in the political arena. With the constant threat of the loss of the work space, many organizations joined together to defend their rights to work on the street. These higher level organizations are called federations or fronts and group together already existing associations, rather than individuals. The decision of association leaders to join a federation is often based on three factors: the personal

relationships of the association leaders, the perception of political conditions, and the strategic situation of the federation or front. In the historic center of Quito, the association leaders tend to be more educated than the average vendor and are frequently politically engaged. More importantly, regardless of charters that require yearly elections or rotation of the directors, association leaders do not change frequently. Given the long term tenure of association leaders, they tend to develop friendships or rivalries with other leaders, which play a key role in an associations' ability to unify against potential threats. In addition, vendor associations often traded their political support for the protection of their work spaces. The possibility of the relocation into markets brought about a new political dimension, as some traders offered their political support in return for promises of spaces in municipal markets, while others continued to offer their support in return for promises of remaining on the streets.

In 1994, 14 associations formed the Federation of Small Autonomous Vendors of Quito and 11 associations formed the Federation of Small Free Vendors of Quito. Later, 78 associations grouped together under a federation known as the "Frente de Defensa" or the Front of Defense led by Angelita Vega, president, Marlina Mañay, vice-president, and José Gualichico, secretary, and included the two federations above. The original discourse of the Front of Defense was the maintenance of the street as the work space of the vendors and a complete rejection of the potential relocation of the vendors of the historic center. Politically, the Front of Defense was aligned to the right. However, the organizations and associations that were members of the Front were not homogeneous in their interests. The Front was more concerned with strategic issues with regard to defending the work space. Lower level organizations were often concerned with interests that had to do with day to day business.

The Front later splintered, and two new federations were formed. The Federation of Small Autonomous Vendors led by Marlena Manyay, and the Collective of Wholesale Organizations, led by José Gualichico. Both of these federations were politically aligned with the socialist party. The fracture of the vendors into three federations occurred due to differences in strategy and vision. Angelita Vega and the Front began to support the possibility of relocation into markets in 1999. Ms. Manyay and Mr. Gualichico maintained the original position of defending their space on the street. This split the relative unity of the majority of the vendors, causing a long and difficult negotiation. This also allowed associations and federations to pursue their own individualized strategies in the negotiations with the municipality. It also shifted the balance of power, as some vendors aligned with the municipality, and others fought to stay on the streets.

Another key organization was the El Salvador association; this was an unusually large association, representing approximately 500 members, led by Luis Cuenca. This association was politically aligned to the right and never joined a federation. Given the size of the association, they played a key role in the negotiations, and often collaborated with Angelita Vega and the Front of Defense.

The pending rehabilitation of the historic center and the consolidation of associations provided the opportunity for street vendors to create political alliances. It also opened a space for the leaders to speak out on issues concerning street vending and open political spaces with the municipal administrations, either through the Mayor's office or with town council members of similar political affiliation that never existed before. These leaders, Luis Cuenca, José Gualichico, Marlena Manyay, and Angelita Vega played key roles in the negotiation with the municipality.

Key Leaders

Although various association leaders participated in the dialogue with the municipality, a few had more prominent roles in the negotiation than others. According to interviews and meeting minutes, four association leaders emerge as key points of contact during the negotiation. At the close of the negotiation period, three of these leaders were also able to leverage their political influence with both vendors and the municipality to allow them to manage the municipal markets where their members were relocated.

Luis Cuenca – El Salvador Association

Luis Cuenca is president of the El Salvador Association, and along with the Front of Defense, was the first to engage with the municipality and sign an agreement. The El Salvador Association originally consisted of about 500 members, but at the time of relocation only 430 members entered the project. Due to disagreements, 70 members left the association. The Association has existed for 45 years, and Luis Cuenca has been president for 22 years (Cuenca, 4/24/2008). Mr. Cuenca, together with Angelita Vega and Front of Defense, were the first two associations to support the project and saw it as an opportunity to improve the life and working conditions of the street vendors and their association members. Mr. Cuenca and the El Salvador Association supported Roque Sevilla in his 2000 mayoral campaign. Mr. Cuenca is now the administrator of the Granada commercial center where his association was relocated.

José Gualichico - Collective of Wholesale Organizations

José Gualichico leads an organization which represents 12 associations of wholesale vendors. Wholesale vendors traditionally sold on the streets of the historic center only on Tuesday and Saturday mornings. The wholesale vendors primarily sell

Table 16: Principle Organizations, Leaders, and Commercial Center Managed

Association or Federation	Leader	Commercial Center Managed by Leader
El Salvador Association	Luis Cunca	Granada Commercial Center
Collective of Wholesale Vendors	José Gualichico	Wholesale Commercial Center and Andean Businesses (Cablec)
Front of Defense	Angelita Vega	El Tejar
Federation of Small Autonomous Vendors	Marlena Manyay	N/A (relocated to Hermano Miguel as a vendor)

their products to the street vendors. Many of the street vendors are actually indebted to the wholesale vendors, as they receive credit to purchase products to sell in their stalls. Originally the wholesale vendors were not included in the project and were not approached by the municipality under Roque Sevilla's administration. However, during Paco Moncayo's administration, Mr. Gualichico was able to negotiate relocation for his association of wholesale vendors. Today Mr. Gualichico is the administrator for the wholesale market in the south of Quito, known as the Wholesale Commercial Center and Andean Businesses (Cablec).

Marlena Manyay – Federation of Small Autonomous Vendors

Marlena Manyay's history in the historic center dates back to her childhood. Her father was a vendor in the historic center, and a member of the trader organization, 6 de Diciembre. She recalls being on the streets as young as 6 years old. Before becoming President of the Federation of Small Autonomous Vendors, Manyay was both secretary and later president of the 6 de Diciembre association, the organization her father previously led and vice-president of the Front of Defense. Ms. Manyay states that the original reason for organizing was to "fight for the work post in the street," as the municipality was always a threat and sometimes the national police

also intervened, often inciting violence (Manyay, 3/13/2008). Although the organizations are known to self regulate the number of vendors working on the streets, Manyay claims her association always accepted new members in the name of lowering crime and providing work opportunities to all who wish. Like many vendors, Manyay acknowledged that she never believed in the plan for relocation, particularly in the first years of negotiation with Roque Sevilla's administration. The long history of conflict, force, confiscation of goods, and sometimes imprisonment made her and her association members wary of claims of relocation by the municipality. As time went by, the municipality continued to try to create confidence in the vendors that the project was mutually beneficial; that the move indoors would improve the quality of life, especially given that working on the streets was not easy. She herself grew up playing on the street and sleeping under the display table, as her father worked. She notes that the municipality over the years tried to convince us to move into a commercial center, have a roof over our head and a dignified place to work, not to mention to offer to our children a better situation than ours. Manyay and her federation entered the process in 1998. It took 3 years, until her organization began to consider the municipal proposal of relocation. A formal agreement was not reached until 2002.

Manyay stated that many of the leaders are corrupt (Ibid). She claimed that that Roque Sevilla promised to deliver all the markets to one leader, Angelita Vega, on the land that was occupied by her federation, the plaza Hermano Miguel. She stated that the land where the market Hermano Miguel was built always belonged to her organization. It was turned over to the vendors under Mayor Alvaro Perez (1978-1982) and 391 stands were built, the majority of which are used as storage space (Soria, 2005). In 1996, this area was invaded by the police and her association was required to defend their space. The fight to defend their space also resulted in some

advantages for her association, as the municipality wanted to build the largest of the municipal planned commercial centers on their plaza. This allowed her an edge in the negotiations, as well as the ability to request the relocation her group into the Hermano Miguel commercial center, the most sought after of the markets.⁴⁴ Ms. Manyay and Ms. Vega both acknowledged their falling out and the eventual fracturing of the Front due to strategic differences. However, they also both admitted the need to join forces and collaborate once Ms. Manyay and her organization agreed to the relocation, in order to gain the best possible conditions for their members in the negotiation.

Angelita Vega – Front of Defense

Angelita Vega began working in the historic center markets in 1988. A friend of her mother-in law passed away, and this woman was a vendor in the association Eugenio Espejo in the historic center. Angelita Vega joined the association Eugenio Espejo and took over this woman's stall in the Mejia Street. She was later elected secretary of the association and witnessed a lot of oppression and cheating of the association members (Vega, 4/23/2008). After one year as secretary, she was elected president of the association Eugenio Espejo. Later, she was also elected secretary of the Federation of Small Retailers and then president. In 1994, this federation became a part of the largest vendor organization in the historic center, the Front of Defense, which represented approximately 2,500 vendors after the split in 1999. Vega states that "I had another mentality, another vision of improvement, a better life, better prospects without fights and punches, but with dialogue, with comprehension, understanding, this was always my point of departure until the end, until God permitted (Ibid)." The Front supported Roque Sevilla in his mayoral campaign in

⁴⁴ Vendors desired relocation in the Hermano Miguel because it was the largest market built in the historic center and they felt it would recreate the ambience of the street.

2000. Ms. Vega is now the administrator of the El Tejar commercial center where many of the Front of Defense vendors were relocated. Due to the size of the Front, members were also located in other commercial centers both within and outside of the historic center.

MUNICIPAL PLANS FOR THE REORGANIZATION OF INFORMAL COMMERCE IN THE HISTORIC CENTER

The plans developed for the re-ordering of informal commerce in the historic center demonstrate contentions over formalization. The issues that arise are centered on authorization, permits, sanitation, and participation. In 1996, the AZC created the first plan for the organization of street markets and the control of informal commerce in the historic center (IMQ, 1996). At the same time, the ECH also financed a study, which was later finalized in March 1998, known as the Master Plan for Informal Commerce, developed by consultants Nelson Herrera and Cristian Cordova. This study examined the situation of informal commerce in the historic center,⁴⁵ and produced a plan for the modernization of informal commerce in the historic center. In 1999, the Operative Plan of Informal Commerce was developed by the Department of Planning and this would serve as a basis for the later negotiations with the vendors.

1996 AZC Plan

This first plan proposed the creation of a modernized system of commerce which would offer a variety of products at competitive prices. The objectives of the project were to: (1) recuperate public space, (2) preserve the historic center, (3) relocate and decentralize the street commerce to commercial centers, (4) sell stalls in the commercial centers under horizontal property agreement (condominium association), and (5) create a secure environment in the historic center which would

⁴⁵ See chapter 3 for details

promote and develop tourism as a major income source for the municipality. The strategy was community participation of all social actors and a dialogue and negotiation with the informal vendors. The municipality offered eight alternatives to relocate 6,000 vendors, 7 located in the center of the city, and 1 to the south in order to create new centers of commerce and decentralize the commerce in the historic center. The project was estimated at US\$11 million: 4.1 would come from the IDB loan and the remainder would be financed by the registration payment and later sale of the stalls to the vendors. The stalls would be sold at 50% of cost with 24 month payment plans and no interest. The registration cost would be 20% or S/ 250,000 and the vendors would have 24 months or until January 2000 to pay off the debt. The municipality calculated that each vendor would save S/ 240,000 a month, as the cost of a transporter (locally known as a cargador) is S/ 8,000 a day to take out and put back the products. In addition each vendor would save S/ 70-90 million a year with regard to cost of storage space rental. These savings did not include the additional costs paid by the informal vendors to associations or local organizations which controlled the street space and provided security.

The social benefits of the project would include: improvement of quality of life for the vendor and his family, stability and ownership of work space, and improved sales. The commercial centers would eliminate problems of weather, improve the security of vendors and their clients, provide basic services and child care, and eliminate corruption by leaders, inspectors, intermediaries, mafias, and others who, in the municipality's opinion, abuse the situation of the vendors. In order to participate, each vendor would need to prove he/she is a vendor in the historic center.

The Master Plan and the Modernization of Informal Commerce (1998)

The analysis carried out by the Master Plan provided the foundation for the Modernization Plan for Informal Commerce, the second part of the master plan. The objective for the consultants who elaborated this plan were to propose strategies to limit street trade, create alternatives for removing street traders from public places in the historic center, and to identify other parts of the city where they could be relocated (AZC, 1997). The main aims were to ‘rationalize and organize informal commerce’ through the exercise of control over street sales, to limit the scope of informal activities that contribute to the negative effects in the historic center, and to recover the urban space which was occupied by the informal traders. The starting point for the analysis was “to identify the characteristics of the negative impacts which the presence of the informal traders produce in the streets and squares in the Historic Centre of Quito (Herrera and Cordova, 1998, p.1).”

Given the starting point for this plan, solutions suggested were not acceptable to the informal vendors. The plan called for a relocation of the vendors outside of the historic center, in the old Camal in the south of Quito, as well as in the northern part of city known as Ofelia. In addition, the plan proposed relocating some of the vendors in vacant stalls of the municipal markets as well as the creation of kiosks in peripheral streets of the historic center and other parts of the city. The plan offered 4,200 spaces for the vendors. However, this plan only offered relocation, not the sale of the market stalls, and the vendors would in essence become renters and the municipality the owner. The vendors outright rejected this plan and refused to negotiate (Burbano, 4/24/2008; Proaño, 4/28/2008).

Operative Plan for Informal Commerce (1999)

Given the rejection of the Master Plan, the municipality created the Operative Plan for Informal Commerce, under the management of Architect Fierro, the head of

the Department of Planning. The plan outlined a two year time frame to reorganize and modernize the informal commerce of the historic center. The policies outlined were similar to the other plans and included: the improvement of work conditions for both vendors and clients, recuperate public space, preserve the historic center, relocate and decentralize the historic center street commerce both within the historic center and to the south of the city, sell the market stalls to the vendors under the law of condominiums (horizontal property), and to create a secure and adequate environment to develop tourism as the major economic function of the historic center (IMQ Department of Planning, 1999). The strategy to achieve these goals included community participation, dialogue, negotiation, and agreement with the vendors, and the sale of subsidized market stalls which would motivate the vendors to vacate the streets. The plan prohibited the circulation of roaming traders in the historic center and temporary traders such as the Christmas market traders. The significant difference between the Master Plan was a return to the idea of ownership and sale of the market stalls to the vendors, as originally proposed in the 1996 plan. Another noteworthy difference with the 1996 plan was the proposal to relocate the traders to other parts of the city, both the north and south. According to the plan only 1728 fixed post vendors would be able to remain in the historic center, 1400 in commercial centers and 328 in municipal approved street structures or kiosks. The remainder would be located in markets constructed in other districts, in order to decentralize commerce, bring the products closer to the consumer, as well as alleviate congestion in the historic center.

This plan was used as the basis to initiate the dialogue with the vendors between 1999 and 2003. It resulted in signed agreements with a number of trader associations and the eventual relocation of over 5,000 small traders into commercial centers within the historic center and other parts of the city. However, the dialogue brought about significant changes to the original plan, because the vendors found the

original plan unacceptable. In 1999, the municipality began to implement this plan with a vision of consultation, negotiation, and consensus among the stakeholders.

The first phase of negotiation focused on achieving an agreement with the vendors to leave the streets. The second phase focused on the prices, size, and location of the markets. The last phase focused on the process of verification, provisional location of the vendors during the construction process, and the final relocation of the vendors into the finished commercial centers.

PREPARING TO NEGOTIATE 1996-1998

Jamil Mahuad served as mayor for two terms beginning in 1992. It is under his leadership that the IDB loan was signed in 1994. It is important to note during his campaign he promised the traders the right to work and remain in the streets (Manyay, 3/12/2008). However, once elected Mayor, he set up a commission with representatives from various municipal departments to examine the problem of street vending in the historic center. The 1994 IDB loan required the municipality to deal with the issue of street vending in the historic center. Some vendors were aware of the potential changes in the historic center, and actively sought municipal engagement, as they did not want to be forced out or left out of the decision making process (Hanley 2000; Cuenca, 4/24/2008; Vega, 4/23/2008).

During the Administration of Mayor Jamil Mahuad, architect Roasario Proaño was the Administrator of Central Zone from 1996-1999. Under Ms. Proaño's leadership an evaluation of informal commerce in the historic center was undertaken. When the AZC created its first strategic plan, one of the principal priorities was the recuperation of public space in the historic center. During Ms. Proaño's tenure as administrator, she notes approximately 70% of the streets, plazas, and sidewalks in the nucleus of the historic center were considered to be overrun with what the AZC considered the misuse of public space (Proaño, 4/28/2008). According to Proaño, the

removal of the vendors by force or with violence was never an option, and the fundamental base for success was the creation of a dialogue, which she notes was, during her management, quite fragile (Ibid).

The AZC initiated the process by trying to create a list of actors through a registration of the vendors. This was not easy, as there was resistance among the vendors to register with the AZC. Vendors were hesitant to register individually,⁴⁶ as they felt if they provided the municipality information it may be used to evict them from the streets later on (Manyay, 3/122008). Therefore the AZC created a unit of people's commerce so that there was always a municipal unit dedicated to this program and place for dialogue between the vendors and the municipality. Beginning in 1997 the AZC issued permits to vendors and associations who had worked in the historic center for at least five years. The objective of the permits was to legalize the situation, collect and update information regarding the vendors, control the number of vendors and markets, as well as serve as a base for initiating discussions.

The Christmas Market Vendors and Temporary Traders

The AZC decided to tackle the issue of the Christmas market vendors first, which could increment the number of traders in the historic center by almost 20% (IMQ, 1996). The AZC began by organizing meetings with the relevant vendor associations. The meetings were all video taped, as a need for a record of agreements was necessary before the final official minutes could be drafted and signed. Ms. Proaño considered the first meetings difficult and discouraging, as “the cultural background of them (referring to the traders) in the first place with all the diversity, I

⁴⁶ As a general rule, many vendors were registered indirectly with the Department of Markets through their association.

can affirm that in that moment they seemed culturally poor and economically not well off (Proano, 4/28/2008).”

In the dialogue, the municipality offered space in both municipal buildings and on municipal land for the use by the Christmas market traders. Vendors were required to register with the AZC and they would receive a permit and a designated space to sell their products. The AZC financed a marketing campaign, by radio, newspaper, and the distribution of flyers informing the public of the relocation of the Christmas traders. They decentralized the vendors in the north and south of city, primarily the south, as studies indicated the majority of clients came from the south (IMQ, 1996). The objective was to alleviate congestion and crowding in the historic center, as well as to bring the markets closer to their clients. The AZC worked with the associations which represented the Christmas market vendors. These meetings eventually resulted in the reorganization of temporary plaza markets in 1998. 1200 stalls were offered to the Christmas market vendors in two locations, the Camal to the south, and the parking lots of the Carolina Park in the north. The same procedure was applied toward the Easter markets and other temporary vendors. From 1998 until the time of research in 2008, the plazas of the historic center remained free of temporary markets.

Moving on to Fixed Stall Vendors

Mayor Mahuad then formed a committee to develop a comprehensive strategy to deal with the presence of fixed stall and roaming informal commerce in the historic center and declared that street vending would no longer be tolerated in the historic center. According to Mayor Mahuad, the municipalities previous interventions had been too small, not enforced, and in some cases legitimized street commerce (AZC, 2/17/1998). The first priority would be a relocation of the vendors of the historic district, publicly initiating a complex process to recuperate the public spaces of the historic district. Mayor Mahuad made public the intention to reorganize informal

commerce. This resulted in a marketing campaign known as “*Recuperate our history*” and initiating a long process of resistance, dialogue, and negotiation between the vendors and the municipality. Ms. Proaño, like many in the municipality, considered “the issue of informal commerce, I believe is the most representative, not just from my management, but from the other administrations as well, of the recuperation of our patrimony (Proaño, 4/24/2008).”

In August 1998, Mayor Jamil Mahuad resigned from his position as Mayor, as he was recently elected president of Ecuador. The vice-mayor, Roque Sevilla took over the remainder of his term from 1998-2000. Mayor Sevilla began the process of officially engaging the fixed stall vendors in a dialogue with the municipality.

THE NEGOTIATION: PART 1 (1998-2000)

The negotiation model used to reach agreements with the Christmas traders later served as a model and starting point for the process that the AZC, and later the UECP, would carry out with permanent fixed stall vendors until 2003. The subsequent meetings that took place were between the Administrator and 2-3 staff members, as well as the leaders of the vendor associations and some or all members. Occasionally representatives of the Metropolitan Police, the ECH, FONSAL, and the Department of Planning participated. The staff of the municipality was trained over four months in negotiation seminars, as well participatory development short courses, and communication financed by the ECH as part of the IDB loan under the category of institutional strengthening. Some meetings were open to members; others were just between the municipal staff and the association president or leader. According to Ms. Proaño, the coordination with other municipal entities was a key component of the success and eventual relocation of the temporary traders, and was strengthened in the next phase of negotiations with subsequent administrators (Proaño, 4/28/2008). The AZC was primarily responsible for the social aspect of the dialogue. However, the

AZC coordinated with the Department of Planning to design the urban strategy and the financial resources came from the ECH and FONSAL.

The Front of Defense was formed with the original objective of organizing the street vendors to prevent their eviction from the streets by the municipality due to the pending rehabilitation project. The vendors originally rejected any notion of negotiation or contemplation and clearly stated that they would not leave the streets (Manyay, 3/12/2008; Vega, 4/23/2008). The organized nature of the vendors, the semi-legality of their street occupation, and the political influence of some vendors convinced the municipality that the path needed to be of negotiation and agreement, and not of confrontation (Proano, 4/28/2008; Estrella, 4/24/2008). The negotiation during Mayor Sevilla's term can be divided into two parts. The first part consisted of an engagement with vendors and dialogue regarding the proposal in the 1999 plan. The second began with a presentation of a new plan that incorporated many of vendors ideas proposed to the municipality in the first phase and a negotiation over these new terms.

The Initial Engagement (February 1999 – March 1999)

In 1999, architect Monica Moreira assumed the position of Administrator of the AZC. Ms. Moreira came from the ECH, where she had worked previously. The formal negotiation began in February 1999 and focused on achieving an agreement about the need to recuperate public space, change the tradition of the vendors to sell on the streets, and look for solutions together to relocate. Approximately 50 meetings took place in this phase (AZC, 1999). At this stage, the municipality learned of the irregularities and rules of street vending. Many vendors complained of paying for the space and for security when working on the streets (Ibid; Moreira, 3/12/2008; Proano, 4/28/2008). In essence, vendors paid private citizens for the right to work on public

space. The municipality then realized the need to put into place mechanisms that would prevent the replication of this system in the new markets.

The first meeting of this phase took place on February 3, 1999.

Representatives from the following associations attended: El Salvador, Asociacion Ciudad de Quito, Valle del Chota, Front of Defense, and 22 de Julio (AZC, 2/4/1999). The AZC presented the 1999 plan to the associations present. The vendors rejected a number of notions in this plan, primarily the decentralization of the markets. This meeting resulted in an agreement to form a team of AZC representatives and vendors to tour the historic center in search for alternate sites of relocation within the historic center (Ibid). A municipal team was later established that toured the historic center with the vendors in order to discuss the relocation and potential locations for the municipal markets. The original plan included two options not located within the historic center, one commercial center in the north and one in the south. However, it soon became apparent to the municipality that vendors would not voluntarily relocate outside of the historic center and selecting or forcing vendors to leave the historic center would prove difficult (Moreira, 3/10/2008). The vendors requested a new study that would increase the possibilities within the historic center and the municipality accommodated this request. The vendors also put forth a proposal stating that the stalls should not cost more than S/5,000,000 or US\$424. The vendors also demanded that if they do move off the streets, the municipality must ensure that no one will take their place. Although the vendors at the time objected to the possibilities outside of the historic center, the municipality continued to plan these centers, as well as look at more alternatives in the historic center, as requested by the vendors (Soria, 2005; Moreira, 3/12/2008). The municipality added additional options in the historic center to the original proposal, making seven commercial centers available in the historic center: El Tejar, Hermano Miguel, Ipiales, Granada, La Merced, Montufar, and

Sanguña. The AZC agreed to attempt to relocate the majority of vendors in the historic center. Those that were located west of Garcia Moreno Street would be relocated in the historic center, as these were considered older markets and traders with longer tenure in the historic center. Those working in the newer stalls located east of Garcia Moreno would be located outside of the historic center. A follow-up meeting took place on February 8, 1999 to inform the vendors of the potential relocation sights (AZC, 2/8/1999).

The municipality planned to register the vendors individually, not by association. At this stage, the costs were tentative and the registration was only a formality, not a contract. According to Ms. Moreira, only a few individuals began to register indicating their interest to participate in the relocation project and the municipality realized that they had not made significant progress (Moreira, 3/10/2008). The municipality decided to launch a publicity campaign in order to create more interest among the vendors, as well as among the general public.

Televisions spots and newspaper ads were dedicated to informing the public, including the vendors, about the historic center and the problems of informal commerce. This generated a number of street protests by the vendors in defense of their work spaces. On February 5, 1999, the informal commercial activity in the historic center and other parts of the city came to a stand still. The Front organized a protest and approximately 14,000 people gathered in the historic center with anti-Sevilla posters to pressure the municipality against any changes (AZC, 2/6/1999). Although no violence was promised by the municipality, the vendors were cautioned by the Mayor that lack of cooperation could result in the use of force (AZC 2/5/1999; 2/19/1999). A number of groups continued to oppose the project and attempted to protect their place on the street, shouting in protest, “blood will run, but we will not leave the streets (Manyay, 3/12/2008).” The publicity campaign encouraged protests,

but it also produced a series of meetings with the vendors and the municipality. It was at this stage that the division between the traders interested in cooperating and relocating and those who wanted to stay on the streets deepened, causing fractures among the organizations. Some vendors expressed the need for more information and details, the majority stated that the tentative costs presented would exclude the majority from the project, and others did want to see any changes.

Later in March, the AZC invited the Federation of Small Autonomous vendors, led by Marlene Manyay, to begin to address critical points of the relocation, as this was a federation of associations with which the municipality had not achieved any progress (AZC, 3/1999). Negotiations collapsed between the municipality and this association, as they demanded free stalls that were twice the size proposed by the municipality. Manyay stated that her demands were so high, because she never really believed in the relocation; interaction with the municipality over the past decades was so tense and negative, the idea of relocating in a newly constructed building did not seem possible (Manyay, 3/12/2008). This federation, the second largest after the Front, continued to take a firm stance of not leaving the streets and no progress was made until after the election of Paco Moncayo in 2000 (Moreira, 3/10/2008; Manyay, 3/12/2008).

Part II: Presenting the New Plan (April 1999 – August 2000)

After the municipal representatives and vendors agreed on some tentative locations, and the tensions from the protest in February subsided, the new plans were discussed with the vendors and the preliminary designs were presented to the association leaders on April 20, 1999 in the Salon de la Ciudad in the municipal building by Mayor Sevilla. Over 500 association leaders and representatives attended

this meeting. Mayor Sevilla reinforced his proposal for a peaceful relocation, not an eviction, referring to what had happened recently in Lima (AZC, 4/22/1999).⁴⁷ Many vendors were aware of the Lima situation, and were fearful of a forced eviction (Manyay, 3/12/2008; Vega, 4/23/2008).

The discussions over the proposals were tense and in many cases were interrupted by yelling and shouting (Moreira, 3/10/2008; Soria, 2005). The tensions arose out of two principle factors: first, the tentative costs, which were presented in US dollars, and second, the vendors wanted a third party that would serve as an intermediary during and after the proposed relocation. The first point was logical, as the municipality communicated the real costs of the project and the tension arose out of the fact that a number of vendors would not be able to participate due to the cost. The municipality decided on presenting the figures in dollars to prevent the fluctuation in prices, as the Sucre was still in use at this time, a relatively unstable currency.⁴⁸ The second point, related to a mediator, demonstrated the lack of confidence the vendors had in the municipality. The vendors proposed the addition of a mediator between the municipality and the vendors, as they felt an independent third party would ensure their participation, continued dialogue and guarantee that their opinions and suggestions be incorporated into the project planning. No mediator was ever incorporated into the project. Some associations hired lawyers to negotiate on their behalf, but the municipality would only negotiate directly with the associations (Estrella, 4/24/2008).

After this meeting, the municipality displayed the models, design, and plans for the commercial centers in the Casa de los Presidentes in the historic center. The exhibition lasted three weeks, from April 23 – May, 5 1999. The exposition of the

⁴⁷ See Dias 2003 for details of the Lima street traders.

⁴⁸ Ecuador would not dollarize until later in 2000.

plans were visited by only a few vendors in the beginning, but slowly more and more came to familiarize themselves with the project and the dates for the closure of the exhibition were extended multiple times (Moreira, 3/10/2008). By May, at least 3,000 vendors visited the exhibition and an additional 40 meetings took place (AZC, 5/6/1999). The exhibition of the plans produced a very tense moment. Although some groups showed interest, many vendors protested, demanding that the street posts be respected by the municipality. Ten additional meetings took place to resolve the four fundamental issues that arose out of the exhibition: the design of the centers, size of the stalls, prices, and forms of payment.

The majority of associations continued to meet with the AZC. After a period of little progress, some vendors proposed to the municipality that the mechanism of co-management used in the neighborhood committees be applied to the construction of the markets, with the objective of decreasing the costs. Co-management implied that the vendors would contribute their labor, in an effort to reduce costs. This model was used by the municipality with regard to housing assistance and many of the vendors had participated in their neighborhood associations and were familiar with this type of project. In addition, they demanded a more participatory process with regard to the design of the buildings and interior stalls. The meetings between the vendors and municipality resumed, focusing on the costs of each stall and the size of the stalls. The vendors desired larger stalls. However the municipality felt that a large stall contradicted the municipal vision of the markets for small scale vendors. In addition it would increase the cost, another point of tension (Moreira, 3/10/2008). In the end an agreement was reached with the majority of associations, and the proposed stall size was a 4.32m² (2.40m x 1.80m). The issue of costs remained unresolved. The vendors proposed unrealistically low prices, arguing that the municipality needed to reimburse the vendors to recuperate their work space (Ibid). The municipality

proposed a combination of a subsidy and payment by the vendors. These meetings resulted in an extension of the proposed loan period from 24 months to 36 months, as well as a municipal subsidy of 50% of the purchase price.

The Front of Defense requested the possibility to carry out the interior work of the market stalls themselves to reduce costs, under the co-management principle (Moreira, 3/10/2008; Vega, 4/23/2008). In some cases, the municipality agreed to construct only the building structure or what was referred to as roof and floor and allowed the association and vendors to complete the interior with their own labor and materials. After the municipality publicly announced these new terms on May 31, 1999, a new registration period began on June 17, 1999 and lasted until the end of August 1999. 4,700 vendors registered (AZC, 8/1999). This registration was to formalize interest in the project, but did not require a bank deposit or an obligation to participate.

After months of negotiations, on August 11, 1999, the municipality arrived at an agreement with two key organizations, the Front and the association El Salvador. The agreement was publicly signed on August 17, 1999 by the mayor and the association leaders, Angelita Vega and Luis Cuenca. Convincing these two leaders and their association members of the benefits of the project was a turning point. The Front of Defense was the largest umbrella organization of vendors and the association El Salvador represented about 500 vendors. Luis Cuenca and Angelita Vega explained to their members the advantages and disadvantages of the relocation and convinced the majority of their members to participate (Cuenca, 4/24/2008; Vega, 4/23/2008). They also promised the municipality the cooperation of their members with regard to the relocation. This broke the prior unity of the associations, splitting the vendors between those who wished to relocate and those who preferred to stay on the streets. When other associations heard of these agreements, this initiated a new stage of

negotiations, which resulted in a number of formal agreements between the municipality and vendor associations. The next issue that arose out of these meetings was which association would occupy which markets.

The Proposed Municipal Markets

After the first two phases of negotiation the municipality and the vendors agreed on a variety of options both within and outside the historic center that would house approximately 6,000 vendors (See Figure 11 and 12). Some of the options were old markets which would be renovated, others would be made out of newly expropriated buildings, and others would be built completely new.

The La Merced and Ipiates are two markets which already existed at the time of the municipal proposal. The municipality proposed redesigning the interiors, improvements to the infrastructure, and expansion to make them larger. The La Merced market was previously constructed with the assistance of the federal Ministry of Social Welfare and the Municipality of Quito to create an alternative to street commerce for the association Mideros, whose members are mostly senior citizens. The market was originally just one floor, the market stalls were 4.5m², and the municipality charged a monthly rental fee of S/ 6,000 to the vendors (IMQ, 1996). However, in reality, 90% of the stalls were used as storage units, not as retail locations (IMQ, 1996). The project was considered unsuccessful, as only a handful of vendors used the stalls as a space to sell their goods. The Ipiates market was constructed over 20 years ago and many of the original vendors were wholesale vendors.

These vendors (48 in total) were required to relocate to the South, as wholesale vending, which normally took place on Tuesday and Saturday, is no longer permitted in the historic center (Lopez, F. 4/11/2008). Additional floors were added and the interior remodeled to fit the style of the other markets. Hermano Miguel was the

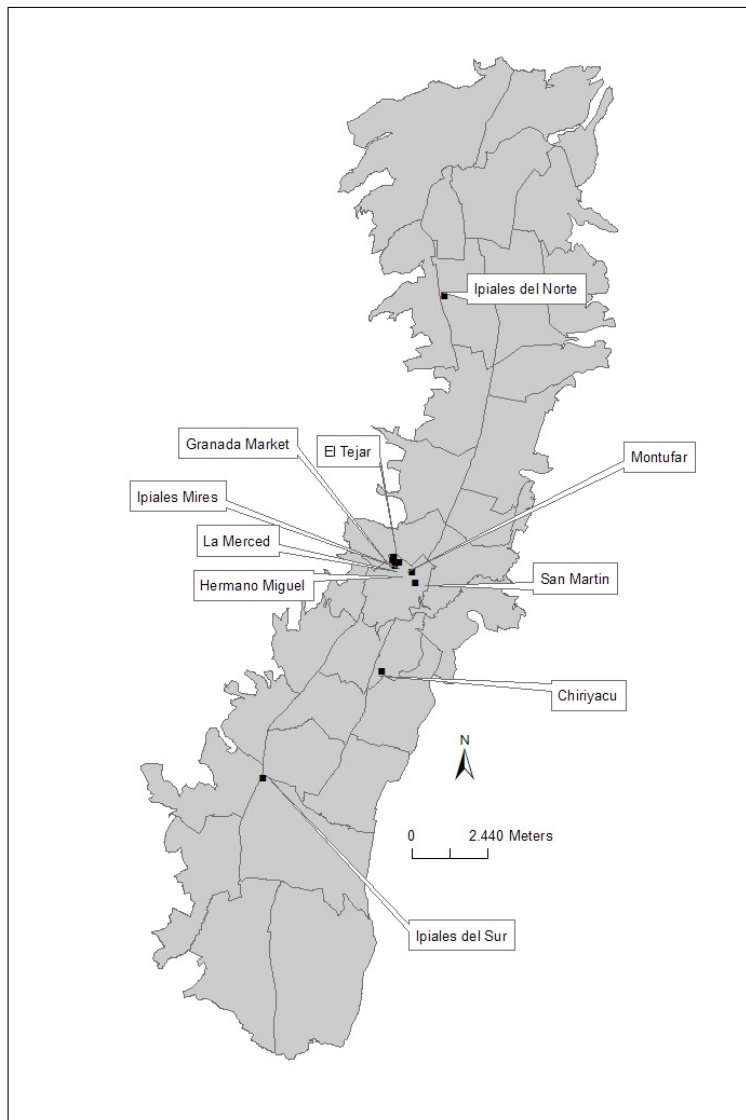


Figure 11: Location of Municipal Markets, Elaboration Lisa M. Hanley, Source: DMQ and AZC, 2008

largest proposed market, with over 1500 market stalls. The Hermano Miguel was a small plaza which was occupied by vendors for decades. A piece of this land was ceded to the association Libertad, Paz, and Justicia by Mayor Perez. In 1986,

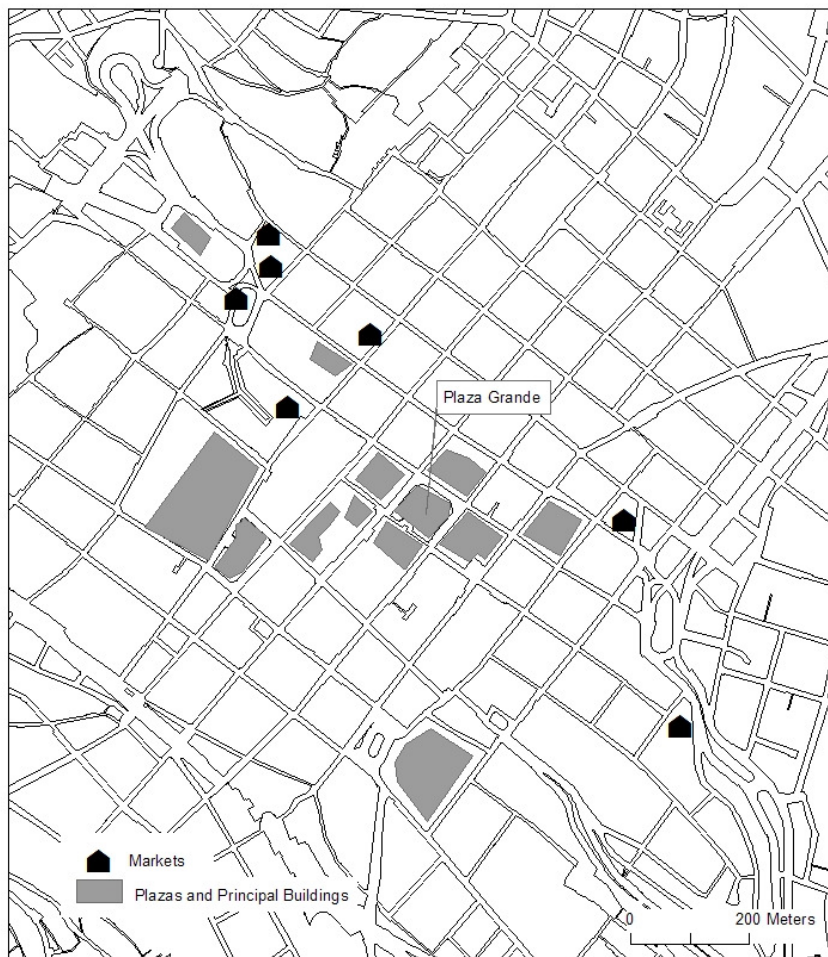


Figure 12: Location of Markets in Historic Center, Elaboration Lisa M. Hanley, Source: DMQ and AZC, 2008

the administration of Mayor Herdoiza moved the monument of Hermano Miguel to the San Blas neighborhood, essentially making more space for the vendors and validating their right to work in this plaza. This market, due to its large size and location, was the most desired market for relocation. Almost all vendors wished to relocate in the Hermano Miguel and the municipality had great difficulty assigning these spaces.

The Tejar market would be constructed above an already existing parking garage and would have 740 stalls and 2 floors of parking. The Granada market would be created out of 3 buildings which the municipality would expropriate and would house 430 vendors. The Montufar was originally designed as a parking garage in the rehabilitation plan for the historic center. However, it was added to the proposal to house the vendors that sold in the surrounding streets with 430 stalls that would be built above the parking garage. To the south of the city, the municipality proposed a large market with 1480 stalls in the old Camal, to be called Chiriyacu. In addition, the San Martin market was added, as well as a market in the north, Ipiales del Norte, and one in the south, Ipiales del Sur. Lastly, the wholesale traders were relocated in an old factory building known as Cablec in the south.

The Sanguña Passage was also in the original proposal. The Sanguña Passage is an interior passage and represents a situation where the municipality legalized the occupation of this passage by the vendors and semi-permanent stalls were built (figure 13). The municipality proposed improving the stalls and building a more permanent structure, with 420 stalls. This area is a closed path of vendors who primarily sell home electronics. The municipality was never able to reach agreement, and remained in negotiations with these vendors at the time of research. Video taped meetings with these vendors indicate that they never believed the project would take place, and therefore refused to participate (AZC, 1998-2000). At the time of research, meetings between this association and municipality indicated a new interest of Sanguña vendors to move ahead with the construction of a market, however the municipality no longer has funds to subsidize and the vendors would have to pay for the full construction costs, basically paralyzing the negotiation (Paz Miño, 1/29/2008).



Figure 13: Sanguna Passage 2008, Author Image

Summary of Agreements and Meetings

By May 2000, the municipality had come to agreements with 4,500 of the approximately 6,000 fixed stall vendors. The potential success of the relocation and the new commercial centers depended on the complete relocation of vendors and streets 100% free of commerce. One of the principal negotiating points was the total relocation, not partial relocation of the vendors. The municipality issued a new ordinance that would take effect after relocation, limiting the sale of goods on the streets of the historic center to shoe shiners, candy, and newspapers within municipal approved structures. All other commerce should be carried out in sites selected by the municipality (IMQ, 2000). This ordinance played a key role in agreements with many organizations, as they were not willing to relocate if others were going to remain on the streets.

In addition to financing part of the construction costs, the ECH, with funds from the IDB loan, financed 125 workshops to train the vendors in administration, marketing and sales, and accounting. Approximately all 6,000 vendors participated in the workshops (ECH, 1999). These seminars helped sell the project to vendors, as it reinforced the notion that they would transform from informal vendors to small business owners supported by the municipality (Estrella, 4/24/2008). This approach reinforced the idea that the vendors were not adversaries of heritage, but rather the people who could assist in opening the path and the opportunity to promote the cultural heritage of Quito, by clearing the streets, and at the same time benefit from a municipal subsidized project.

During Roque Sevilla's administration, at least 310 meetings took place with the vendors, of which he personally attended at least 14 (AZC, 1999-2000). By August 2000, 77 associations of the 96 registered with the municipality had reached formal agreements of intent to participate, consenting to vacate public space and transfer to the commercial centers. In addition significant progress had been made with the banks, in particular the Banco Solidario, which had agreed to give credit to the vendors. Roque Sevilla, in his short two years as mayor, accomplished significant advancements with the vendors. He notes:

I initiated the reorganization of small street vendors and public space in the historic center because I was always convinced of the invaluable patrimony and tourist potential of this gem. The relocation project of the vendors was carried out in the next municipal administration, but was at an advanced stage during my tenure, and never before had a mayor decided to take on the challenge of this complex issue. We initiated the negotiations with the vendors, obtained the financing for the construction of the commercial centers, completed the construction of some, and as a mature and responsible government, transferred these political advancements to the next administration which was concluded successfully by Mayor Paco Moncayo (Sevilla, 4/25/2008).

THE NEGOTIATION: PHASE 3 (2000–2003)

The Transition

On August 10, 2000 Paco Moncayo began his term as Mayor of Quito. He would win re-election in 2004 and remain mayor until 2008. As noted by Mayor Sevilla, it is under his administration that the successful relocation of fixed stall informal street vendors was carried out in 2003. By the time Paco Moncayo began his administration, the negotiations were well underway, and the Front of Defense and El Salvador associations were active in keeping the discussion and dialogue with the municipality regarding relocation open. Mayor Moncayo stated that “the framework of transparency would continue and be mandatory for all organizations, as well as a continuation of the dialogue (AZC, 9/6/2000).” Mayor Moncayo also enforced the decentralization and relocation of temporary traders, requesting the assistance of all administrative zones in managing these markets to keep the historic center free of this type of commerce (AZC, 11/17/2000). The major problem with the transition was, as Ms. Moreira and Paulina Burbano, Director of the ECH during Sevilla’s leadership, that some formal agreements made under Roque Sevilla’s administration were not honored (Burbano, 4/24/2008; Moreira, 3/12/2008).

The first year of Moncayo’s administration this project was not a priority. According to Ms. Estrella, a consultant since the project’s inception in 1996, there was also pressure from the IDB and UNESCO for Moncayo’s administration to continue with the negotiations. The IDB threatened to withhold transactions if the negotiations stalled, and UNESCO advised that the world heritage status could be in danger if the vendors were not relocated (Estrella, 4/24/2008). Pressure from international institutions escalated and vendors interested in the relocation project brought about a change in the administration’s thinking. In 2001 the Executive Unit for Popular Commerce was created (UECP).

During this period, some associations, primarily those that occupied the plaza Hermano Miguel, had not come to any agreements during the last administration and continued to protest against the project in hopes of eliminating the progress made with Mayor Sevilla (Manyay, 3/12/2008). The one year Mayor Moncayo did not prioritize the relocation project also convinced many vendors, in particular Ms. Manyay's association, that the municipality was not serious about a relocation project (Estrella, 4/24/2008; Manyay, 3/12/2008). Ms. Rodriguez, the new Administrator of the AZC, commented that the most difficult task was picking up the negotiations with the vendors from the plaza Hermano Miguel, due to their complete distrust of the municipality (Rodriguez, 4/30/2008).

The Conflict Over the Plaza Hermano Miguel

Many of the vendors proposed a super-commercial center which would house all the traders of the historic center, instead of being split up among different markets both within the historic center and other parts of the city. However, the municipality was not capable of offering a market that would house 5,000 or 6,000 vendors in the historic center. The closest was the proposed commercial center, the Hermano Miguel, which would be located on the plaza Hermano Miguel. Originally this building would have housed only a few hundred traders, but after negotiations the proposal included spaces for 1,602 vendors. However, many of vendors who occupied the plaza and the surrounding streets were not interested in the municipal proposal and refused to relocate in order to allow construction to begin. Some vendors belonged to the Front of Defense, and were in favor of the project. However, the majority were members of the Small Autonomous Vendors, and other independent associations who did not favor relocation and caused significant conflict among the vendors.

According to Ms. Rodriguez her principal task as Administrator was negotiating with the vendors who occupied the Plaza Hermano Miguel, including Ms.

Manyay's Federation of Small Autonomous Vendors, who had protested, as negotiations under Roque Sevilla fell apart. The association Libertad, Paz, y Justicia had obtained legal rights to a piece of the land, and the Small Autonomous Vendors considered their long term occupation of the plaza as a legal right (Portilla, 3/7/2008; Manyay, 3/12/2008).

The case of Libertad, Paz, y Justicia, led by Carlos Portilla, is unique as the municipality had formally ceded part of the land of the Plaza Hermano Miguel to this association. According to Lourdes Rodriguez, it took more or less 30 meetings to come to an agreement. One of the major obstacles was where to locate this association during the construction period. This association did not want to be relocated on the street; they requested to be temporarily relocated in a house. The AZC offered them a number of houses in the historic center as potential sites of relocation, but the only house they were willing to relocate to was the Casa de los Alcaldes. This was a historical building where the town council member offices were located. Ms. Rodriguez had a lot of difficulty convincing the Mayor to allow this house to be used as a temporary relocation site for the vendors of Libertad, Paz, y Justicia. However, as Ms. Rodriguez stated, "I said (to the Mayor), in reality this is the only one, if they do not leave, we can not do anything (Rodriguez, 4/30/2008)." In an agreement with the municipality, the association returned their ownership rights in exchange for market stalls in the Hermano Miguel Plaza at the reduced price of US\$60 for their association members and a temporary relocation in the Casa de los Alcaldes. The association felt they should not pay, but a small price had to be agreed upon, as without payment, their ownership would not be recognized by Ecuadorian Law (Portilla, 3/7/2008). According to Ms. Rodriguez, the day this association vacated the Plaza Hermano Miguel was a pivotal moment. On September 14, 2000, the vendors were relocated. When the vendors in the surrounding areas saw this association move, they

understood that the municipality was serious about the relocation (Rodriguez, 4/30/2008).

Although an agreement with Libertad, Paz, y Justicia was reached, a complete breakdown of negotiations between the Small Autonomous Vendors and the municipality occurred (Manyay, 3/12/2008; Rodriguez, 4/30/2008). The Front's desire to see the project through resulted in a violent confrontation between the Front and the Small Autonomous Vendors before the Department of Public Works arrived to raze the small market stalls and other permanent structures (Manyay, 3/12/2008; Rodriguez, 4/30/2008). The Front forcibly removed the uncooperative traders to allow the construction of the Hermano Miguel to move forward. After the plaza was vacated by the vendors, the Department of Public Works spent three days destroying and removing the 381 stalls and other structures that occupied the plaza. After these three days, the construction of the Hermano Miguel commercial center began immediately, to prevent a re-occupation of the plaza. This confrontation illustrates in a physical manner the heterogeneity of the interests of the vendors and lack of solidarity among the different associations.

Final agreements were not reached with the many vendors. Although many had indicated their willingness to relocate, the details of the relocation proved difficult to attain. Mayor Moncayo was under pressure from international institutions to re-energize the negotiations and bring about the final relocation. Given the multiple responsibilities of the AZC, the Mayor decided to create a new municipal department dedicated to dealing with the informal vendors and their relocation.

The Creation of the Executive Unit of Popular Commerce (UECP)

In August 2001 the Executive Unit of Popular Commerce was created with the mission of permanently coordinating, in collaboration with the ECH, the construction of the commercial centers, continuing the negotiation with vendors (taking over from

the AZC), the verification process, and the coordination of training seminars for the vendors. The AZC then took charge of a publicity and communication campaign to inform the residents of Quito of the pending changes in the historic center (Rodriguez, 4/30/2008; Soria, 2005). In essence, the municipality finally created a unit whose sole responsibility was managing the project with the informal vendors of the historic center. The first director was General Carlos Cobos, a specialist in negotiation who had previous experience negotiating settlements in Chiapas, Mexico, Nicaragua, and the border dispute between Peru and Ecuador. General Cobos had trained with Roger Fisher, a well known Harvard Law professor specializing in conflict management and negotiation.

At the time General Cobos took over the negotiations, the principal topic of discussion was the price of the stalls. Some of the markets had been completed at this stage, but the vendors would not agree to relocate. The physical location of each association in the commercial centers was also a tense topic. According to General Cobos, several organizations wanted to construct their own commercial center for their members only. Many selected buildings in the historic center and contracted architects to present the plans to the municipality. Other vendors were against being grouped together in different buildings. According to General Cobos and Cecelia Quishpe⁴⁹ the majority wished to be grouped into one mega-commercial center, which would house all of the vendors of the historic center instead of being divided into different commercial centers (Cobos, 4/30/2008; Quishpe, 5/7/2008).

The approach General Cobos took was to put on the table what the municipality offered: property at a highly subsidized cost, which the vendors would

⁴⁹ Cecelia Quishpe was a town council member at the time of relocation. At the time of the interview she was a congressional representative in the provincial congress of the province of Pichincha. She is also historic center vendor. She owns a market stall in the non-municipal market, La Merced.

legally own and be able to pass on to their children. One of the tense points was the request of the vendors to assist with already existing debts. The other was to make public the conditions and prices to the vendors, as there were many contradictions in communication with the association leaders (Rodriguez, 4/30/2008; Moreira 3/10/2008; Ribandeneira 5/7/2008; Cobos 4/30/2008).

The UECP needed to arrive at agreements regarding major issues and formalize those agreements with the associations. Some included the costs and financing of the stalls, the verification process, to ensure the vendors registered were actually informal vendors in the historic center, the location of the associations and individuals in the new commercial center, and the date of relocation. The municipality also needed to make an agreement with the SRI (Internal Revenue Service), in order to allow the vendors to continue to avoid paying value added tax. The issue of the wholesale vendors and roaming traders also needed to be dealt with, as both groups were not a part of the on-going negotiation. In addition, the issue of illegal and stolen goods, as well as a plan with how to deal with associations and mafias after the relocation needed to be designed.

The Obstacles to Relocation

Roaming Traders

In May 1995, the municipality carried out a two day count of roaming traders in the historic center, that is those who sell without a fixed street stall. The AZC counted 5,767 traders among the streets of the historic center, of which 3495 were women. The roaming traders were poorly organized and often not affiliated with associations. The first municipal proposal was to organize these vendors into sanitation collective that would be responsible for cleaning the new commercial centers. According to Monica Moreira, this proposal was rejected, as the traders



Figure 14: Roaming Traders in Historic Center, 2005 Author Image

wanted to continue to sell (Moreira, 4/16/2008). Another proposal presented during Paco Moncayo's administration was the relocation of fruit and vegetable vendors in the approximately 700 unoccupied stalls of the municipal food markets (Arregui, 5/15/2008). According to a member of the association 23 of September, this proposal was rejected, "They are stalls which have remained abandoned because there is no commercial activity (Troya, 2/12/2008)." Ms. Moreira stated that it was impossible to work with the roaming traders; they were too disorganized and their demands were unreasonable. During her tenure as Administrator of the AZC, she noted that the roaming traders wanted to be integrated into the commercial center proposal, which she said was unrealistic (Moreira, 4/16/2008).⁵⁰ According to Troya, Moreira, and Rocio Arias, of Aldeas Infantiles SOS Ecuador, who works with a group of displaced

⁵⁰ The roaming traders' integration into the project was unrealistic for two reasons. The municipality was not in a position to increase the amount of market stalls under construction. Second, the roaming traders were economically not well off. The traders requested and would have required a full subsidy from the municipality and that was not possible due to budget constraints.

women traders from the historic center, the majority have abandoned the historic center and dispersed to different parts of the city, where street trading is not restricted in the same way it is in the historic center. Colonel Montalvo, the current director of the UECP when asked about the roaming traders commented, “well, they disappeared (Montalvo 3/3/2008).”

Although the activity of roaming traders in the historic center has been reduced, they have not completely disappeared (figure 14). In 2008, the AZC was still attempting to create a solution for the roaming traders. According to the AZC, they estimated at the time of research, that there were approximately 2,600 vendors organized into 21 associations selling both perishable and non-perishable items in the historic center. According to Ines Paz Miño, the Administrator of the AZC since 2003, the municipality must prioritize public space and the agreements made with the fixed stall vendors. The municipality had promised to keep the streets clean of all informal street commerce. The persistence of roaming traders is considered a breach of this agreement. Ms. Paz Miño and Lorena Barazueta, head of the Department of Public Space at the AZC, have indicated that the disorganization and irregular work hours of the traders have made it difficult to arrive at a solution directly with the associations. Some NGO’s, such as Aldeas Infantiles SOS and Plan International work with these traders and the AZC is trying a new strategy of coordinating with these NGO’s in hope of reaching a successful agreement. Ms. Barazueta and Ms. Paz Miño believe that most of these traders are single mothers who are exploited by their associations (Paz Miño 1/29/2008; Barazeuta, 3/11/2008).

Wholesale Vendors of Tuesday and Saturday

According to General Cobos, the most difficult negotiation was with the wholesale vendors, who traditionally sold only on Tuesday and Saturday in the historic center. These difficulties can be attributed to a variety of reasons. The

economic situation of the wholesale vendors is, in comparison to the majority of the other street traders, superior. The organization of the wholesale vendors was strong and unified in one federation and their subsequent bargaining power was increased due to their political alliance with the Mayor's party. Jose Gualichico was the leader of this organization called the Collective of Wholesale Organizations. Originally, under Roque Sevilla, the wholesalers were not to be included in the relocation, as they are not small scale street retailers and many of them are producers and manufacturers (Estrella, 4/24/2008; Gualichico, 1/15/ 2008). They sold their products exclusively in bulk two days a week in the historic center. According to Mr. Gualichico, they were vendors in the historic center, just like everyone else and had a right to enter the project. They also wanted to be located in the historic center; the municipality would not consider relocation in the historic center. After many meetings, General Cobos and the negotiation team of the UECP were removed from the negotiation process with the wholesale vendors. In the end Mr. Gualichico negotiated directly with the mayor and the town council (Cobos 4/30/2008; Estrella, 4/24/2008; Gualichico, 1/15/2008). Mr. Gualichico and his association were politically aligned with the Socialist party in Ecuador and Mayor Moncayo's party, the Democratic Left, had strong ties, allowing the wholesalers a special political space. Mr. Gualichico proposed the expropriation of an old building known as Cablec, located in the south of Quito. The agreement arrived at required the wholesale vendors, approximately 1,800, to purchase the property. This required an investment of US\$2,150 per vendor. Mr. Gualichico's association arranged bank financing as well as assistance from the National Financial Corporation. The municipality and the ECH co-financed the design and construction of the new building, which has 2083 market stalls. The project was finally approved in May 2003, construction began in October, and the building opened for business on August 9, 2004. This is one of the few instances where the vendors

feel their sales have increased and their economic situation has improved (Gualichico, 1/15/2008).⁵¹

According to Ms. Estrella, allowing the wholesalers to participate altered the project and should not have been permitted. As a group, they are not economically poor, and many are manufacturers. They also extend informal forms of credit to the small vendors. Ms. Estrella felt that including the wholesalers distorted the project. At the time of research, the wholesalers sold seven days a week, instead of two, as well as not exclusively in bulk. Small vendors find this unfair and believe the municipality should reduce their sale days to two days a week, as before. Their relocation and ability to sell daily has disrupted the original order in the markets. The UECP was trying to settle the dispute; however there is little legal recourse. One of the unanticipated consequences of the relocation was a restructuring of the unwritten rules of the informal vendors. The small vendors feel that the wholesalers disregard the code of conduct that was respected before relocation.

Illegal Goods

The issue of stolen and illegal goods was also a problem faced by the municipality. According to Lourdes Rodriguez, there were 2 or 3 associations who dealt in the re-sale of stolen goods. The municipality did not want to include these associations in the relocation project. They were aware of the associations, and requested receipts for the products if the vendors wanted to be included. The one instance of municipal force took place on September 23, 2001. The municipality removed 70 street stalls from the 24 de Mayo area. This was due to the fact that the municipality was informed that items sold in this area were illegal in nature, mostly stolen products, and the municipality decided not to engage in negotiations with

⁵¹ See chapter 6 for a discussion of the economic situation of the markets

vendors or associations who dealt in stolen or illegal goods. There are indications that the vendors of the Montufar commercial center today are dealing in stolen goods; the municipality was not successful in excluding all of the vendors of stolen or illegal goods from the negotiation process entirely (Carrion F., 11/9/2007; Lopez S. 5/6/2008; Montalvo, 3/3/2008). A recent operative by the national police resulted in the confiscation of over 1,500 cellular phones, laptops, computers, radios, and other electronics that were determined to be of unknown origins in the Montufar Commercial Center. In addition, a number of stalls were closed until the problem of stolen goods can be resolved in this commercial center (El Comercio, 10/22/2009).

Dealing with the Mafias

One of the principal goals of the municipality was to break the mafia organizations. These organizations threatened several municipal officers engaged in the negotiations (Cobos, 3/30/2008; Moreira, 3/10/2008; Rodriguez, 4/30/2008; Chacon, 4/22/2008; Estrella, 4/24/2008). According to Lourdes Rodriguez, “the occupation of public space by the informal vendors who were organized in organizations which had non-democratic forms of functioning, more or less of extortion...the most difficult task was to break these chiefdoms, the control of these people (Rodriguez, 4/30/2008).” According to some municipal representatives, the municipality was aware of over-charging by the association leaders for their members’ participation in the relocation project (Ribandeneira, 5/7/2008; Estrella, 4/24/2008; Cobos, 4/30/2008). Rocio Estrella stated, “... suppose the cost was 200 USD, the leaders charged 220 USD, the margin for the directive, we knew but it was one of those things that was permissible because in reflection it was, how much is the historic center worth? Do we lose the historic center or recuperate it (Estrella, 4/24/2008)?” One of the conditions of the new commercial centers is the prohibition of associations to charge their members association fees; this has resulted in the breakdown and

dissolution of many associations. In addition, the municipality prohibits the sale of the stalls for seven years. This had two objectives. First, was to prevent creditors from possessing the stalls. The second was to prevent a sale and then a return to the streets (Montalvo, 3/3/2008). Many of the municipal administrators of the commercial centers continue to have problems with the mafias, but mostly in the form of creditors (Lopez F., 4/11/2008; Davila, 3/12/2008; Lopez S., 5/6/2008; Marin, 5/6/2008).⁵²

Verification Process

In October, 1999 the AZC began a process of verification, to ensure the vendors had occupied public space in the historic district. This continued through Paco Moncayo's administration with the assistance of the Commission for the Civic Control of Corruption, to oversee and verify the process. This was critical, as there was a great deal of controversy over the registration of vendors and allocation of stalls. Vendors were asked to register with the AZC and identify their association or as independent if not affiliated. In order to verify that the registered vendors had worked in the historic center for at least three years, the municipality compiled a book of vendors by association called the *Padron de Comerciantes*. Meetings were held with each association called *recognition assemblies*. During these assemblies, the names listed in the *Padron* were called out loud and members were asked to verify the membership of each individual. In many instances, association leaders had registered family members and friends who did not work in the historic center. In some cases these names were removed, in others the municipality found it difficult to prove that they did not work in the historic center, as they feel association members were pressured into not identifying false registrants (Cobos 4/30/2008; Estrella, 4/24/2008; Moreira 3/10/2008; Rodriguez 4/30/2008; Ribandeneira, 5/9/2008). When there was a

⁵² See chapter 6 for a further discussion

doubt the person was asked to present themselves at a recognition meeting and the entire organization would have to verify his or her membership. According to Ms. Estrella, the principal reasons the vendors did not identify false registrants was fear and second in the world of informality everyone protects each other. Catholic University students were trained and paid to verify the vendors in their street stalls (Cobos, 4/30/2008). Over 5,100 vendors were verified in this process by May 2001. Moncayo's administration put new regulations on who could register. The vendors had to be actually working in the streets of the historic center at the time of the negotiation for a minimum of three years and they could not have other market stalls, offices, or any other type of work in order to qualify. The AZC created a database and cross referenced the list with other public institutions. They discovered that registered vendors had other retail locations, were no longer in the country, were dead, or that entire families were registered (Arregui 5/15/2008; Cobos, 4/30/2008; Rodriguez, 4/30/2008). Some associations petitioned the municipality to exclude false inscriptions, others went along. The Independent Mideros Association, which has 88 members and was concerned about exclusion from the Hermano Miguel Commercial Center, stated "The 88 members (of our association) paid to enter the Hermano Miguel and we were being left out and in our place were going to be people who were owners of other stores or who have stalls in other commercial centers. We demanded a new revision of the lists (Informant 5, 2/5//2008)." In the end, in order to move the project forward, the municipality had to accept that certain associations registered members who were not really vendors in the historic center (Cobos, 4/30/2008; Rodriguez, 4/30/2008).

In addition it is believed that many false associations proliferated during the last phases of the negotiation. According to Arregui and Cobos, vendors denounced false association leaders who were attempting to charge for market stalls that did not

exist or that they did not have the right to sell. According to Washington Gomez of the Union of Independent Associations of Pichincha, his organization received many complaints from individuals who were tricked into paying false inscription fees (Gomez, 3/7/2008).

Distribution of the Market Stalls

The majority of the market stalls were assigned in blocks to associations in corresponding commercial centers in accordance with the agreements signed with the municipality. In most cases, the vendors were located in the market closest to their street retail location. The associations were then responsible for using a lottery system to designate the location of the members within the assigned stalls of the market. Many irregularities in the lotteries were discovered by the municipality and vendors. Some vendors solicited the help of the municipality to revise the allocation of stalls. In some cases the municipality was able to intervene, in others no. Vendors reported that the lottery system did not function as intended. The most attractive spots (for example near an entrance or on the first floor) are occupied by the association board, family members or were given to members willing to pay a fee to the association leadership in exchange for a particular location.

New Ordinances

Given the custom of Quiteños to shop in the streets, the vendors requested a revision to ordinance 29, which regulated informal commerce in the historic center. The revision included a new clause that would not only penalize the vendor, but also the client for purchasing products from street vendors. The revision was approved in January of 2002, and would be effective from the date of relocation onwards. Like other ordinances discussed in Chapter 4, it is rarely enforced (Barrazueta, 3/11/2008).

SRI – Internal Revenue Service

An important aspect of the project was a municipal agreement with the SRI (Servicio de Rentas Internas – Internal Revenue Service), a federal agency, that would allow the vendors to remain small informal retailers. The objective of the project was not to formalize the vendors and collect value added tax, but rather to recuperate the public space, improve the work conditions of the vendors and at the same time maintain their status as small scale retailers. At the time of research vendors did not report any earnings or pay any tax to the SRI (Montalvo 3/3/2008; Ribandeneira, 5/7/2008). However, at the national level, the laws were changing in 2007 due to a constitutional assembly. On December 29, 2007, the Internal Tributary Regimen approved a fixed payment for small scale retailers and vendors with sales less than 60,000 US dollars and 10 employees, known as the Simplified Tax Regimen (RISE). Each industry requires a different tax. Table 17 shows the new taxes for small businesses, who as of January 1, 2008 are now obliged to register with SRI and pay the RISE tax. As indicated in the table, small retailers, the category which includes the historic center vendors, contribute significantly less than service, manufacturing, construction, and hotels and restaurants. They contribute similarly as transportation and agriculture and mining. According to the SRI, the payments are different for each industry in accordance with profitability, as well social and political criteria discussed in the national constitutional assembly (SRI, 2009).

The RISE tax does not withhold taxes, does not require the vendor to create a receipt with each sale or pay the standard value added tax of 15% and there is no obligation to implement an accounting system. The only requirement is registration with the SRI and the payment of the monthly tax in accordance with the vendor's declaration of gross monthly sales. Business owners who begin to pay the RISE tax are eligible for social security, state health services, and retirement. In addition, the

state has created an evaluation system that would allow the owners to collect points that would increase their access to micro credit. Lastly, they are eligible for training and technical assistance. Although this is a federal law, the municipality at the time of research organized information sessions for the vendors in the commercial centers about the changes taking place (Montalvo, 3/3/2008). In addition, 92% of the vendors I spoke with are positive about the changes. The tax payments are small, due to heavy lobbying at the constitutional assembly by vendor associations, and in exchange for the small payments they receive access to services they have been excluded from for decades. Most feel as long as the payments remain reasonable, they are willing to participate in the tax scheme.

The AZC estimated in 1996 that the majority of traders earned between US\$100 and 215 dollars a month (IMQ, 1996, p. 21). Although the vendors' incomes were low, the municipality estimated that the vendors would save approximately US\$200 a month in storage and transport costs (cargador) by relocating to permanent stalls. In addition they would save time in setting up and taking down the stall each day (AZC, 1999).⁵³

Regardless of the proposed savings, developing a cost and financing scheme that was affordable for the majority of vendors was difficult. The majority of vendors are heavily indebted, mostly with informal forms of credit which are very expensive. In addition, given their informal income, they are not eligible, under traditional terms, for bank credit (Montalvo, 3/3/2008). The original cost structure during Roque Sevilla's administration was presented to the vendors in dollars. After some negotiation, the vendors and municipality agreed on a new cost structure that was later

⁵³ Most vendors would arrive in the historic center between 4am and 5am to have the stall ready by 7am (Hanley, 2000).

Table 17: RISE Tax Structure for Small Retailers

Annual Sales USD	Monthly Sales USD	Tax obligation to SRI USD by Industry						
		Small Retailers	Service	Manufacturing	Construction	Hotels and Restaurants	Transportation	Agriculture and Mining
0 - 5,000	0 - 417	1	3	1	3	5	1	1
5,001 - 10,000	417 - 833	3	16	5	11	19	2	2
10,001 - 20,000	833 - 1,667	6	32	10	23	38	3	3
20,001 - 30,000	1,667 - 2,500	11	60	18	43	66	4	5
30,001 - 40,000	2,500 - 3,333	15	91	25	61	105	13	8
40,001 - 50,000	3,333 - 4,157	20	131	32	95	144	27	12
50,001 - 60,000	4,167 - 5,000	26	180	45	135	182	49	15

Source: SRI, n.d.⁵⁴Costs and Financing

publicly disseminated through a pamphlet distributed to the vendors in Sucre (table 18). The registration fee was S/ 200,000 (\$16.97) to reserve a stall. In addition, fees for the property deed were S/ 600,000 (\$50.90) when paid with cash or S/ 1,000,000 (\$84.85) when paid with credit.

The credit prices indicated in Table 18 include the interest paid over 36 months. Although the municipality was able to arrange formal forms of credit with local banks, the banks found the vendors to be a high risk group, even with municipal

⁵⁴ This pamphlet was disseminated in 2008

backing, resulting in high interest rates and an almost doubling of the purchase price after 3 years. In an effort to encourage vendors to relocate outside of the historic center, the municipality offered the Camal market, located in the south of Quito, at a significantly lower rate than the historic center markets.

The Front of Defense signed a loan agreement with Banco Solidario for S/ 5,350,000 to finance the construction of their members' interior stalls of the commercial centers El Tejar, Hermano Miguel, Ipiales, La Merced, and Montufar. The municipality proposed a subsidy of the real cost of the stalls by 50% and arranged for financing of up to 24 months. The down payment required for participation was 250,000 sucres. However, the vendors later negotiated a 36 month financing scheme.

However, with a new mayoral administration, and dollarization in January 2000, these prices were no longer valid. Mayor Moncayo enlarged the project, adding three commercial centers to the original proposal, as well as a market for the wholesale vendors: Ipiales del Sur, Ipiales del Norte, San Martin, and Cablec for the wholesale vendors.⁵⁵ The municipality, through financing from the ECH and FONSAL, invested USD\$ 11,630,000 in the construction of the commercial centers with 5,410 spaces (table 18). In addition, the ECH contributed US\$ 245,809 in promotional campaigns to inform the public about the changes in the historic center.

The final prices paid for the market stalls are not public information; Mayor Moncayo negotiated different prices with different vendor associations (Estrella, 4/24/2008 and Moreira, 3/10/2008).⁵⁶ The lowest price paid by the association

⁵⁵ The Sanguna commercial center, part of R. Sevilla's original proposal, was never constructed, as the vendors and the municipality never arrived at an agreement. At the time of research the AZC was still negotiating with this group.

⁵⁶ Mayor Moncayo's administration did not publish the stall prices publicly. The author found limited references to prices in AZC meeting minutes and UECP internal documents which revealed that different associations paid different prices for similar stalls. In addition, municipal representatives and vendors verified that the prices paid varied by association. Unfortunately a clear list of prices by association was not made available to the author during the research period.

Table 18: Cost of Stalls 1999 in Sucre and USD (Exchange Rate 1999 \$1 = S/ 11,786)

Commercial Center	Price - Cash	Price - Credit
El Tejar	S/ 7,800,000	S/ 13,000,000
	US\$ 661.80	US\$ 1,103
Hermano Miguel	S/ 7,800,000	S/ 13,000,000
	US\$ 661.80	US\$ 1,103
Granada	S/ 6,600,000	S/ 11,000,000
	US\$ 559.98	US\$ 933.31
Montufar	S/ 5,340,000	S/ 8,900,000
	US\$ 452.96	US\$ 755.13
La Merced	S/ 4,800,000	S/ 8,000,000
	US\$ 407.26	US\$ 678.77
Ipiates-Mires	S/ 9,000,000	S/ 15,000,000
	US\$ 763.62	US\$ 1,272.7
El Camal	S/ 4,200,000	S/ 7,000,000
	US\$ 356.35	US\$ 583.92
Sanguna	S/ 10,200,000	S/ 17,000,000
	US\$ 865.43	US\$ 1,442.39

Source: AZC, 1999

Libertad, Paz, y Justicia, was US\$60. In the Sevilla administration, the prices for the stalls were public and non-negotiable. Many vendors complained that the prices for the stalls were negotiated by association, and similar stalls were sold at different prices. Ms. Estrella stated, “The criteria changed, that happened in the change of administration, the philosophy of the project and the people of the former administration were firmer with the issues. The first standard that they achieved was

that everything would be equal, but later there were associations who were sold stalls for US\$70 and others who paid over US\$1000 (Estrella, 2008).” According to General Cobos there was no other way to reach a consensus. General Cobos recognizes that this admittedly was not fair; however the priority of the municipality was a recuperation of public space, not fairness (Cobos, 4/30/2008). General Cobos notes that the costs were still subsidized around 50% and financing was available for 36 months (Ibid).

Table 19: Commercial Center Actual Construction Costs and Number of Stalls

Commercial Center	Cost in USD	Number of Stalls
Hermano Miguel	5,500,000	1,602
El Tejar	200,000	1,114
La Merced	400,000	185
Nuevo Amanecer	20,000	185
Ipiales Mires	300,000	209
Granada	1,500,000	430
Montufar	500,000	411
San Martin	1,300,000	185
Ipiales del Sur	1,500,000	346
Chiriyacu	380,000	593
Ipiales del Norte	30,000	150

Source: IMQ, 2008

Many of the vendors were prohibited from obtaining bank loans due to their credit history. In many cases, the municipality provided financing for the market stalls. Given the credit history of the vendors, the banks served as a collection place for the vendors to make payments, but in the end the municipality was primarily

responsible for the payments, as the banks considered the vendors too risky (Montalvo, 3/3/2008). As the construction phase was coming to a close, many of the vendors still had not made initial payments on the stalls. At this point, the municipality needed to decide whether to wait for the vendors to make payments or to relocate the vendors and try to collect the payments after their relocation in the commercial centers (Ibid). Given the importance of recuperating the public space, the municipality decided to move ahead with the relocation, regardless of the state of payments (Montalvo, 3/3/2008).

RELOCATION MAY 2003

From August 2000 until May 2003, approximately 1400 meetings took place, of which Mayor Moncayo personally attended 80 (AZC, 2003). Agreements were reached with all 96 associations and all vendors who wished to participate were offered a space in one of the eleven new markets. However, arriving at an agreement for the official relocation proved difficult.

The municipality had organized everything for a relocation beginning in December 2002. However the vendors refused to relocate around the Christmas holiday. After Christmas, came Valentine's Day, Carnival, among other holidays and the vendors did not want to relocate, as they feared sales would decrease. After significant negotiating with the vendors, the date of May 24, 2003 was agreed upon for the relocation into the new municipal markets. The vendors agreed that they all needed to move inside the commercial centers at the same time. The reasons were to ensure that everyone relocated and vacated the area and that no one would be left on the streets, giving advantage to certain vendors. Some vendors still dissented from the final decision, as Ipiales del Sur, Ipiales del Norte, Chiriyacu, and San Martin were not completed. Ipiales del Sur and Chiriyacu were completed in December 2003. San

Martin was completed in August 2005 and Ipiales del Norte was still under construction at the time of research in 2008.

The Front of Defense was the first organization to accept the date of May 24, 2003. Acceptance by this organization made the negotiation and later acceptance by other associations easier, as the Front represented the most vendors (Cobos, 4/30/2008). The mayor and other municipal officials toured the new commercial centers on May 21, 2003 to ensure that everything was ready for the relocation.

The municipality relocated the vendors by association into the new commercial centers or temporary locations for those whose markets were not completed over two weeks. The vendors received the keys to their stalls on this day, as the Mayor and other municipal officials inaugurated the new markets, known as Discount Commercial Centers (Centros Comerciales del Ahorro), or by the slogan “Good, nice, and cheap (Bueno, bonito, y barato).”

As the streets were vacated, the Department of Public Works began work immediately on the streets and sidewalks, and FONSAL began to construct scaffolding on historic buildings (figures 15 and 16). These measures were taken to ensure that vendors do not return to occupy the space (Cifuentes, 4/11/2008; Pallares, 3/27/2008).



Figure 15: Streets after the relocation in the commercial centers, Photo Courtesy of Metropolitan Police, May 2003



Figure 16: Scaffolding after relocation in commercial centers, Photo Courtesy of Metropolitan Police, May 2003

Language of Control and Responsibility

The municipal vision of the historic center, of a clean, informal commerce free, tourist destination was supported and encouraged both financially and ideologically by international agencies, including, but not limited to, the IDB and UNESCO. The municipality acted in what they believed was the public's interest, combining an effort to clear the streets of the historic center with a relocation project for the informal vendors, particularly since the vendors provide a service to the Quiteño public, low cost goods in a relatively central location. Municipal studies indicated that the public that generally shops in the historic center come from the south of Quito, an area that is considered economically poor (IMQ, 1996; Herrera and Cordova, 1998). The social, cultural, and economic differences between municipal authorities and the vendors was a clear point of tension during the negotiation. The municipal authorities felt that the traders simply could not understand the damage the street markets caused not only to the physical structure but also to the overall ambience of the historic center. The municipality believed that if the traders could understand this, then they would be more willing to cooperate and participate in a relocation project.

In an effort to assist the traders in recognizing the municipal vision of the historic center, a language of civic responsibility was used. Municipal officials took the traders on tours of the historic center, pointing out sites of patrimony in an attempt to make them understand the historical importance of this physical space (Moreira, 3/10/2008). They held meetings at luxury hotels to teach them about basic manners and social conduct (Cobos, 3/30/2008). The language used in the pamphlets and flyers distributed to the vendors and the public in the marketing and publicity campaigns included phrases such as:

“Remember public space pertains to all citizens. Support the work of the recuperation of the historic center. The colonial city is a reflection of our identity (AZC, 1999).”

“Below the inclement weather, with insecurity, disorder and lack of sanitation, and exploited by mafias...New commercial centers, comfortable stalls, with security, order, and sanitation (IMQ, 2005).”

“Through training, you become the protagonist of change (IMQ, n.d.).”

“The People’s Commercial Centers are yours, defend the project, think about your future (Ibid).”

“You, Mr. Vendor are disserved by selling in the street. Due to lack of a dignified work space, there are constant fights between vendors...your illegal location is taken advantage of (Ibid).”

“To recuperate the historic center so that it is alive, happy, touristy, and marketable, so that it may become a source of integrated development for all social sectors, including informal vendors (Ibid).”

These public printed declarations by the municipality illustrate a paternal attitude. They indicate that the vendors themselves are unaware or unwilling to change their situation; however with municipal assistance the vendors can transform from undignified street traders to proper urban citizens. The transformation of the vendors into small retailers working in municipal supported commercial centers will allow the municipality to transform the historic center into a *happy* space, since the presence of the street vendors created a gloomy and cheerless environment.

The municipality viewed its role as defending public space, as well as socializing the vendors into civilized citizens that cared about the city, not only their economic well being. From the municipality’s perspective, the traders were difficult and unwilling to listen to their perspective. The socialization campaign was successful, as interviews with traders suggested an interest in helping the municipality and contributing their part to preserve the historic center, only not at the expense of their economic well being. From the vendors’ perspective, the municipality did not understand their economic situation and failed recognize their economic and social

needs. However, after several years of negotiation, their visions were reconciled in a project that satisfied both parties at the time of relocation. The participatory model that characterized the negotiation was successful in reaching a consensus. However, a drawback of many participatory projects is poor project design due to consensus building which eventually distorts the role of technical planning and evaluation and implementation of studies intended to assist in a design of a project with long term success. Although both vendors and the municipality were satisfied at the time of relocation, the long term viability of the project could be considered flawed, particularly due to failure to incorporate market study research in an effort to achieve consensus.⁵⁷

No Control – No Regulation

The street vendors are a heterogeneous group, with different socio-economic backgrounds and degrees of informality. The organizational structure is not uniform, and different types of traders have different interests, as witnessed in the fracturing of unity among the associations and organizations. As described in chapter 3, fixed stall vendors are not typical informal workers. They represent a highly organized group with intricate rules. In fact, the municipal engagement with the vendors revealed that fixed stall street vending in the historic center is characterized by self regulation and an intricate code of conduct. However, the relocation indicated a breakdown of these rules, which were no longer uniformly respected in the new commercial centers.⁵⁸

The presence of street vendors in the historic center produced a set of policy problems that attracted municipal intervention for decades. Vendor associations of the historic center have been engaged in a constant process of negotiation over their terms

⁵⁷ See chapter 6 for a more detailed discussion of the present and potential problems of the project.

⁵⁸ See chapter 6 for a more detailed discussion.

of formality (or informality), as the municipality attempted to create order and control in this sector of the city. When vendors are united behind the implementation of formalization measures, they can play a critical role in those measures' enforcement. Leaders of vending organizations help enforce policies by encouraging compliance. However, if leaders oppose formalization measures, they can encourage members not to comply. Without the consent of vending organizations, local officials may encounter tremendous difficulty enforcing formalization measures, especially given the disruptive capacity of the vendors in the form of protests which shut down city streets.

These different interests were reflected in how the vendors were organized and how they negotiated with the municipality. Originally the traders came to the table with a unified perspective that they can do as they wish in the historic center, with no controls or regulations. As some associations saw the benefits of semi-formalization and relocation into the commercial centers this unity dissolved.

Although the lack of unity contributed to a long negotiation process, it also created a space for dialogue that might not have materialized if the vendors remained united behind a policy of remaining on the streets. This fracture allowed the municipality to negotiate with associations individually, instead of as a group. In particular, during Paco Moncayo's administration, it permitted the municipality to reach different relocation conditions with different associations. Each association had a different set of terms and conditions, as well as thresholds for reaching an agreement. Once the municipality was able to win over key associations and a critical number of the vendors, the remaining associations were clamoring for a space at the negotiation table, in fear of being displaced and/or completely left out of the project. The vendors that entered the negotiation later or after relocation often did so under poorer conditions, for example without the municipal subsidy. However, only with the

support of the majority of vendor associations and the municipal government was a comprehensive re-organization, modernization, and relocation of the fixed stall street vendors possible. This was critical, because the vendors who had come to early agreements with the municipality had clearly stated their relocation depended on the streets clear of informal commerce. If a significant number of vendors refused to participate, a forceful eviction of the remaining vendors would probably have been necessary. The acquisition of the support of the majority of vendors through a two way dialogue allowed the municipality to avoid a potential forced eviction and resulted in a peaceful relocation of the street vendors of the historic center of Quito. However, local officials had to support that formalization regime; if instead they chose a strategy of partial or selective enforcement, they would have generated substantial opposition among vending organizations. In addition, the municipality needed to demonstrate the political will and patience to negotiate in what was a very long process. Without the will of the municipality to find a non-violent solution, at whatever cost, both time and financially, the relocation would not have been possible.

In the historic center of Quito, different cultural, social, and economic interests came into conflict over this space. The struggle for space in the historic district was a struggle for power. It was also a struggle over basic needs and wealth in a local, national, and global context. The city center that was abandoned by the upper classes to the urban poor had been reevaluated for its heritage and potential income generating opportunities, such as tourism and improved real estate values, for the municipality. International organizations considered the space special, and worth international recognition and financing. Although street markets were deemed incompatible with the new vision of the historic center, the municipality found that some traders possessed high levels of organization and political influence that did not allow for simple authoritarian removal from the historic center. In fact, the local

politicians needed to integrate the fixed post traders into their agenda and campaign promises. Mayor Mahuad, Mayor Sevilla, and Mayor Moncayo all recognized the importance of the vendors' votes, and employed this in their campaign promises, offering either promises to remain on the street or promises of new work spaces. Although the informal vendors lost the rights to work in public space, they were able to levy the international financing to create new work spaces which include access to benefits not available to them on the streets.

However, prior to the newfound political importance of the fixed stall vendors, the history of the relationship between the traders and the municipality was characterized by control and regulation not participation and engagement. Although the municipality often lacked the resources to enforce the ordinances and regulate the vendors, municipal plans indicate that the authorities found street vending a serious problem. In 1994, this changed as the municipality obtained US\$51 million IDB loan to rehabilitate the historic center. The relocation of the vendors became a priority under the loan conditions, and several million were dedicated to relocation and modernization of the vendors. The loan made available financing for a relocation project and paid, in part, for both the construction of the commercial centers and training workshops. Without this financing, a participatory process probably would not have occurred, as financial constraints would have prohibited the multi-million dollar investment made in the relocation from the streets. The municipality attempted to engage all vendors, but found that roaming vendors lacked the organization necessary to integrate them into the project and the municipality lacked the political will given their disorganized state. The fixed stall vendors, who operated under intricate rules and regulations of their own, were organized and vocal about their vision for a relocation project. When both parties arrived at the negotiating table it

was inevitable that they brought different assumptions which reflected their prior interactions and their different visions of the historic center.

A Meeting of the Minds: From Independence to Paternalism

Bringing these two perspectives together took over 5 years, as many associations resisted the changes to their traditional vending structure. It might have been easier for the municipality to revert to control and oppression to bring about the recuperation of public space. However, both the municipality and the traders reflected on their own interests during the negotiations, bringing about a real and meaningful discussion between these two groups. The fundamental lesson to be learned is that the reordering of informal markets and public space can result in inclusive and participatory planning which benefits not only the municipality and international organizations, but also the street vendors when a process of meaningful dialogue takes place.

Quito provides an exemplary case for cities struggling with how to manage and re-order informal commerce, particularly, but not exclusive to heritage sites. However, the fact that the historic center of Quito is a world heritage site made the availability of the funds necessary to carry out a relatively expensive project possible. This might not be the case for other cities. Nevertheless, the municipality of Quito was, at the time of research, attempting to replicate the process from the historic center and modernize informal commerce in other parts of the city. For example, the Cumanda bus station was recently relocated to the south of the city, and the informal vendors who worked in this area were incorporated into a modernization of informal commerce linked to this project. Although the same type of financing is not available, the municipality was still attempting to develop similar projects on a smaller scale.

Although the municipality considers the overall relocation a great success, they also recognize some mistakes made along the way. Rocio Estrella, who remains a

consultant to INNOVAR on modernization of informal commerce in other parts of the city commented that they attempt to engage all vendors in the dialogue process instead of working primarily with the association or federation leaders. Ms. Estrella noted that they no longer negotiate over the list of vendors; if the municipality believes a name is falsely registered, the vendor is removed. They do this to avoid the inclusion of non-vendors, such as family and friends, from participating in the process. Lastly, they no longer negotiate over the relocation space. The municipality makes a decision regarding an appropriate location from a planning perspective. This is done to avoid the multitudes of proposals and long drawn out negotiations over which group is located where (Estrella, 4/24/2008).

The municipality learned that open dialogue was crucial, although it may result in a lengthy negotiation. In addition, convincing a small number of associations of the benefits of relocation produced a snowball effect which eventually brought almost all vendors into an agreement with the municipality. However, new negotiations limit the points of negotiation and have allowed for a swifter process. The municipality also hopes to limit deceptive practices that occurred in the historic center, such as the registration and participation of non-vendors and fraudulent fees sometimes charged by associations and their leaders, through a stricter approach to negotiation.

The transformation of the fixed stall street vendors into semi-formal small scale retailers provides an interesting example of a compromise between formality and informality. The original agreement with the SRI made the vendors feel that they were not being offered modernization in exchange for future taxation purposes. The subsequent RISE tax in 2008 provides the vendors the opportunity to participate in social programs in exchange for a small tax that does not require expensive accounting methods and receipts. The eradication of mafia type fees and assistance

with formal forms of credit could assist vendors in escaping the viscous cycle of poverty that many experience. The potential of property ownership could contribute to an accumulation of wealth, rather than a monthly rent which would only drain resources.

The case of Quito demonstrates that a peaceful, non-forceful relocation of street vendors is possible. It also illustrates that there are compromises between informality and formality when the political will exists at the local and national level. Quito represents a case where the political will to recuperate public space was more important than the potential tax revenue of formalization; not all cities may experience similar circumstances and modernization of informal vendors may represent a scheme to increase state revenues.

The associations which were once financially and economically independent have weakened and dissolved in favor of groupings by commercial center. Each commercial center now exhibits its own strengths and weaknesses, and the vendors have unified behind their current location, rather than their previous loyalty to an association. Today the relationship between the municipality and vendors could be referred to as paternalistic. The municipality takes care of the traders in an effort to keep them in the markets and off the streets. Many traders believe it is the municipality's responsibility to take care of them, as they gave up what they view as their economically lucrative spaces on the streets for mediocre or low sales in the markets. Chapter 6 describes the current state of the commercial centers and the relationship between the municipality and the relocated vendors at the time of research in 2008.

CHAPTER 6

From the Streets to Commercial Centers: The Road to a New Historic Center

The completed commercial centers were inaugurated on May 24, 2003.

Although the vendors remain indoors various matters of concern remain for both the municipality and the vendors. As mentioned in Chapter 5, the municipality moved the vendors regardless of the payment status of the vendor; many of them had not made initial payments in 2003 and remained delinquent in 2008. The municipality needed to find ways of encouraging the vendors to make payments in order to transfer ownership of the individual stall and the administration of the commercial centers to the vendors, a principal objective of the project. In the interim, the municipality is responsible for the management, as well the maintenance and operating costs. This chapter examines the state of the new commercial centers in 2008 and argues that the transfer from the street to indoors has created new forms of informality. This chapter also argues that the goal of cooperative governance of the commercial centers is flawed and may contribute to the eventual failure of the project. The last part of the chapter analyzes the progress of the economic development component of the rehabilitation project since the relocation in 2003.

The analysis with regard to the vendor relocation is drawn largely from two sources: (1) a survey carried out by the SDS consultancy for INNOVAR of 1,492 vendors in April 2008⁵⁹ and (2) 54 interviews by the author with vendors from January to May 2008 in the nine commercial centers. In addition three vendors who will relocate to the Ipiales del Norte market were interviewed. I also interviewed nine

⁵⁹ Surveys completed per commercial center: Ipiales del Sur (182), Granada (203), La Merced (36), San Martin (60), Hermano Miguel (307), Ipiales Mires (100), Chiriyacu (231), El Tejar (241), Montufar (185)

managers, one from each commercial center, the director of the UECP, Luis Montalvo, and UECP legal advisor and professor of planning at the University Central of Ecuador, Marcelo Ribandeneira.

DEGREES OF INFORMALITY

This new form of informality is characterized by ownership, or at least the potential ownership, of a market stall. Working conditions have improved, as well as access to social services has been provided through the municipality. However, the income earning characteristics of the vendors remain, at least in part, precarious and only slightly above subsistence levels. In essence, the earnings and precariousness of the work remain informal, but the work conditions and services available appear more formal.

According to Beneria and Floro, the informal economy, as with the household, performs a vital function in social reproduction of labor. Informal vendors and traders provide goods and services at very low prices. They do this through low profit margins and sometimes losses on the products for sale as well little or no wages for their labor. This helps reduce the cost of living for lower-income workers thus lowering the cost of social reproduction. Thus, the vendors in Quito, for the most part, are an example survivalist or subsistence work rather than a process of accumulation (Beneria and Floro, 2003). Subsistence work often represents the poorest social groups and women are often over represented in this sector. In Quito, 68% of the market stalls are registered to women. The costs of working in the informal sector often imply long hours of work and high degrees of vulnerability and risk.

Through ownership, the municipality hoped to transform the informal vendors from vulnerable workers into small entrepreneurs. The project aimed to increase vendor income through the reduction of costs such as association and cargador fees and street space rental. However, research indicates this transformation has not taken

root in the new commercial centers and the majority of vendors still earn low profits and carry high debt. The design of the project has in part contributed to stagnating sales; however, other external factors have also contributed to the low earnings of vendors, such as new forms of competition.

NEW MANAGEMENT, NEW RULES

The relocation of the street vendors into commercial centers created new forms of rules and regulations, quite different from those on the streets. The eventual management under the law of horizontal property was a key point of negotiation and agreement between the municipality and the vendors. The vendors' desired self-management and project was designed to transfer this responsibility after a temporary period of municipal management. However, the manner in which co-operatives and mutual associations are governed can be problematic; the occurrence of a variety of problems such as mismanagement, financial scandals and the failure of democracy has lead to the quality of cooperative governance being questioned (Lees, 1995; Lees and Volkers, 1996). Serious concerns have been raised about the democratic legitimacy of boards due to low levels of member participation and their effectiveness to manage administrators, as well as protect the interests of members and other relevant stakeholders. Many of these problems can already be witnessed, as the municipality is attempting to bring into effect board management, many of these problems. Additionally, the commercial centers of the historic center of Quito will likely revert to street level governance, which was characterized by many of the drawbacks of cooperative governance, if a complete transfer of management responsibility under the laws of horizontal property is carried out as intended in the project design.

Governance Structure of the Commercial Centers

Each commercial center is managed by a municipal appointed administrator, or in the cases of Granada and El Tejar, the managers are former vendors, respectively Luis Cuenca and Angelita Vega.⁶⁰ The manager is responsible for overseeing the day to day functioning of the commercial centers and management of the vendors. The rules of the streets no longer apply; vendors must attend their stalls a minimum of five days a week. The commercial centers have opening hours and delivery times which must be respected.

On the streets, vendors opened their stalls when they wished and worked the hours desired. This is no longer permitted, and lack of attendance can result in penalties as well as ineligibility to continue to participate in the project. Stall workers must be the owner or family members; only under certain circumstances may the vendor hire an employee. In certain cases, an employee has been authorized for vendors who are ill or too old to work daily. A petition may be submitted to the UECP and an evaluation of each individual case is made. The administrator is responsible for taking attendance daily. The vendor may not transfer ownership or rent the market stall. Once the vendor has completed all payments and the transfer of full ownership is obtained, he or she must wait seven years before selling or renting the stall. In unusual cases, when the owner has died or permanently left the country, a sale has been permitted by the UECP. Vendors must also respect the public spaces of the commercial centers; they may only place a limited number of items in the hallway space and trash must be disposed of properly.

Although the rules are rigid, particularly given the manner in which the street markets functioned, they are designed to create order and control from what was considered, from the municipal perspective, a disorganized and disorderly situation.

⁶⁰ Mr. Cuenca and Ms. Vega state that they were selected by their association members as managers.

The municipality hopes that the markets will function much like a private shopping mall, with regular opening hours, clean and clutter free public areas and a secure and hospitable environment for the clients. By prohibiting the re-sale and rental of the stalls, the municipality hopes to prevent the transfer of the stalls to creditors, both formal and informal. The seven year time frame from the complete purchase will hopefully allow the majority of the vendors to sort out any financial problems that would put at risk their ownership. The objective of the project was to provide the primary work space and income generating opportunity for small scale vendors through a municipal subsidized program resulting in stall ownership, not a supplemental income or a secondary job. Prohibiting the rental of the stall or the hiring of an employee was intended to ensure that the stalls are the primary work place of the owner.

90% of the vendors interviewed by the author spoke positively about the rules and regulations and indicated that it helps the sales. This was unexpected, given that the vendors abided by their own rules prior to relocation; they worked the days and hours they desired and often left trash in the streets. The SDS survey indicated that only 60% of them are familiar with the new regulations and of those, 89% are in agreement with them (SDS, 2008). The managers of the commercial centers are responsible for informing the vendors of the rules, and all commercial centers have posters indicating them. Overall, the author interviews and the SDS survey reveal a difficult transition, particularly due to the unclear division of responsibilities between the municipality and vendors.

Role of Associations

The vendors were relocated into the commercial centers by association. Three commercial centers have as little as one association: the Granada, San Martin, and La Merced.

Table 20: Commercial Centers and Number of Associations

Commercial Center	Chiriyacu	El Tejar	Granada	Hermano Miguel	Ipiiales Mires	Ipiiales del Norte	Ipiiales del Sur	La Merced	Montufar San Martin	
Number of Associations	7	22	1	35	6	3	6	1*	14	1
Federation		FD		FD						
SAV		I		FD						
I		I		I				I	FD	
SAV		I		SAV						

FD - Front of Defense, SAV - Small Autonomous Vendors, I - Independent (Do not belong to a Federation)

* This market originally had 2 associations. 1 has completely abandoned their stalls.

Source: UECP, 2008

The Hermano Miguel has 35, which include associations that belong to both the Front of Defense and the Small Autonomous Vendors, who clashed during the negotiations (table 20). Some of the associations have weakened or dissolved since 2003, others remain relatively organized. The interviews revealed that reasons for not participating in association meetings are the disappearance of the organization, lack of interest, lack of confidence in the association, or lack of time to attend meetings.

Formation of Management Boards

Each commercial center was required to form a management board⁶¹ before the commercial centers can be officially transferred to the vendors. The UECP has encouraged each commercial center to form a board before the transfer; this will

⁶¹ The board functions in a similar way to a condominium board/association.

ensure that training and legal matters can be resolved (Montalvo, 3/3/2008). Some of the commercial centers have already formed a board that collaborates with the administrator and the UECP. Other commercial centers have encountered difficulty and the boards' functional capacity is limited or positions are vacant (table 20). The management boards must be elected by a majority of the general assembly;⁶² after the board is elected a set of rules and regulations must be developed. These regulations must be approved by the general assembly as well and may differ from the municipal imposed rules. Only Ipiates del Sur has been successful in electing a board and drawing up regulations. As of 2008 the other commercial centers are in various states of progress. The inability of the vendors to elect management boards can be attributed to the internal conflict that exists in some of the commercial centers (table 21).

The SDS survey, with regard to conflict, was not consistent with my interviews. The SDS survey finds the least amount of conflict in the Hermano Miguel and Montufar commercial centers, interviews revealed a different picture (table 22).

The managers of the Hermano Miguel and the Montufar both spoke of inter and intra organization conflict, that has repeatedly resulted in physical violence. The inability of the vendors to agree on a board has resulted in various tense elections. On the contrary, La Merced, reported as having a high level of conflict and disagreement, the manager and association president reported little conflict and no violence.

Interviews with vendors in the Granada commercial center indicated dissatisfaction with the management and internal conflict in the El Salvador association. The reasons cited had to do with the monthly payments the vendors make for maintenance costs. They feel they should not shoulder this responsibility as long

⁶² The General assembly is composed of the vendors themselves.

Table 21: Election of Management Board as of December 2008

Commercial Center	Management Boards	Payments Taken Over
Chiriyacu	No progress	None
El Tejar	No progress	Electricity
Granada	Voluntary Commission (not elected by the general assembly)	All, except infrastructure maintenance and publicity
Hermano Miguel	In process; temporary representatives from associations	Individual electricity
Ipiiales del Norte*	In process	N/A
Ipiiales del Sur	Management Board elected and rules approved by the general assembly	Individual electricity and communal electricity
Ipiiales Mires	Temporary board/commission	None
La Merced	Management Board approved by the general assembly	Communal electricity
Montúfar	In process; temporary representatives by passageway	Individual electricity
San Martín	Board elected; Investigative committee formed to examine board	Individual electricity
Ipiiales del Norte remained under construction in 2008 and the vendors are only temporarily relocated.		

Source: UECP, Interviews with commercial center managers, 2008

as the other commercial centers do not. Mr. Cuenca, the manager of Granada and association president, prefers that the commercial center maintain some level independence from the UECP, and stated that the vendors have some personal responsibility for these expenses (Cuenca, 4/24/2008). However, this can be

interpreted as Mr. Cuenca's inclination to remain outside of the regulations of the municipality.

Ipiates Mires which also indicates a high level of conflict is consistent with the interviews. Freddy Lopez, manager, reported the inability of the members to elect a board at this commercial center due to disagreements; at the time of research Ipiates Mires had a temporary management board appointed by Mr. Lopez, until the vendors can democratically elect one. Mr. Marin, manager of the San Martin commercial center also reported difficulties in electing a management board, even though there is just one association. A management board was elected, but is now under investigation by a team of vendors. The association president discussed significant conflict among the vendors and difficulty in convincing her members to remain inside the commercial center.

Chiriyacu which the survey indicated moderate levels of internal and association conflict has been unable to elect a board. The manager, Mr. Racines, reported serious inter-organization conflict that sometimes hinders the day to day functioning of the commercial center. El Tejar, which is occupied exclusively by Front of Defense vendors, has also been unable to elect a board and 40% of the vendors indicated conflict in the management boards. Since the relocation the Front has experienced internal conflict, as the unifying goal of negotiation with the municipality has disappeared; member associations are more concerned with the day to day business of their members than their membership in the federation.

On average, only 31% of the vendors and 13% of the author interviewed vendors support self administration in the SDS survey (table 23). The author interviews revealed a variety of reasons the vendors prefer a continuation of municipal administration. The principle reason cited is the potential provocation or worsening of conflict between the vendors. The second most common reason is the poor

Table 22: Vendors Perception of Conflict in Management Boards

Commercial Center	Chiriyacu	El Tejar	Granada	Hernano Miguel	Ipiales Mires	Ipiales del Sur	La Merced	Montufar	San Martin
% that perceive conflict	50%	40%	67%	24%	56%	30%	61%	15%	63%

Source: SDS, 2008

management skills of the vendors. Others stated that it would turn into chaos, the administrators would look to benefit themselves or return to corrupt practices, would increase costs, or that decisions would not be respected.

Table 23: Vendors who support the self-administration of the commercial centers (%)

Commercial Center	Chiriyacu	El Tejar	Granada	Hernano Miguel	Ipiales Mires	Ipiales del Sur	La Merced	Montufar	San Martin
yes	22	38	51	28	41	32	58	17	25
no	78	62	49	72	59	68	42	83	75

Source: SDS, 2008

Overall, the vendors seem satisfied with the municipal management system. The SDS survey found that over 50% are satisfied or very satisfied with the management (table 24). El Tejar has high levels of dissatisfaction; this commercial center is managed by vendor and Front president Angelita Vega. Ipiales Mires also shows high levels of dissatisfaction; this commercial center has had various managers over the years. Freddy Lopez was manager for about one year in April 2008.

Previously he was manager of Ipiiales del Sur and was transferred to sort out the problems that hinder the proper functioning of the Ipiiales Mires commercial center.

Commercial centers where internal conflict among or within associations is high, show overall satisfaction with the municipal managers: Hermano Miguel, Montufar, and San Martin (table 24). The resolution of conflict between vendors and associations is part of the municipal managers' job responsibilities. Managers and their supervisors often sort out issues of attendance, use of hallway space, trash collection, personal conflicts, and any other issues that cause disturbances or complaints. In these cases an outside mediator is probably more effective than an association president or leader.

Table 24: Evaluation of the Management of Commercial Centers (%)

Commercial Center	Chiriyacu	El Tejar	Granada	Hermano Miguel	Ipiiales Mires	Ipiiales del Sur	La Merced	Montufar	San Martin
Very Good	4	1	6	7	10	6	6	14	13
Good	55	29	50	45	37	51	42	58	58
Regular	17	33	26	32	22	31	42	24	13
Not Good	24	37	18	16	31	12	10	4	16

Source: SDS, 2008

Ms. Vega and Mr. Cuenca both claim to be democratically elected administrators. However, these two markets also show high levels of conflict and in the case of El Tejar, overall dissatisfaction with Ms. Vega's management. These are indicators of the replication of street level rules and regulations in the commercial centers.

MOVING TOWARDS OWNERSHIP

One of the original points of the negotiation between the municipality and the vendors was whether to rent the stalls to the vendors or to create a project that would transfer ownership and eventual management of the commercial centers from the municipality to the vendors. The vendors preferred ownership, and the municipality's previous lack of success with rental stalls in the La Merced market, made them weary of developing a similar project on a large scale. It was decided early in 1999 that the new commercial centers would provide a mechanism for the municipality to sell the individual market stalls to the vendors and the vendors would eventually manage the commercial centers themselves under the laws of horizontal property, or those pertaining to a condominium association. The municipality has made varied progress in transferring the property to the vendors and in the last year attempted to accelerate the process due to the fact that the Mayor Moncayo's term ended in August 2008.

By May 2008, 60.79% of the vendors had completed their payments and received the property deed of their stall (UECP, 2008). However, ownership varies by commercial center (table 24). The Granada, Chiriyacu, and Hermano Miguel have high rates of ownership, all over 70%. Other commercial centers, such as La Merced and Montufar, have very low rates, 27% and 31% respectively. The unique circumstances of La Merced make the percentages misleading; of the stalls that are actually in use, only two remain in process and the others have received their property deed. For all commercial centers, 17% remain in process and the UECP is hopeful that these cases will be resolved before the end of Mayor Moncayo's term. The remaining 22% which are deemed ineligible, will either have their case resolved with the help of the legal team at the UECP or sold to other vendors if the eligibility requirements are not met in a reasonable time frame (Montalvo, 3/3/2008).

Table 25: Progress of Ownership Transfer to Vendors

Progress	# of Stalls	Full Ownership		In Process		Not eligible		Total
Chiriyacu	593	432	73%	90	15%	42	7%	564
El Tejar	1,117	450	40%	321	29%	346	31%	1,117
Granada	430	322	75%	52	12%	56	13%	430
Hermano Miguel	1,604	1,147	72%	158	10%	295	18%	1,600
Ipiates del Norte	47	0	0%	0	0%	0	0%	0
Ipiates del Sur	353	169	48%	120	34%	53	15%	342
Ipiates Mires	209	94	45%	39	19%	29	14%	162
La Merced	190	52	27%	14	7%	6	3%	72
Montufar	411	131	32%	5	1%	211	51%	347
San Martin	172	105	61%	15	9%	20	12%	140
Total	5,126	2,902	57%	814	16%	1,058	21%	4,774

Source: UECP 2008

There are three reasons the municipality has not been able to transfer ownership: (1) lack of payment, (2) improper documentation, or (3) vendor has been deemed ineligible to participate in the project (table 25). In most cases, the inability of the municipality to transfer ownership is due to lack of payment. The co-management of the construction carried out by the Front of Defense has complicated this aspect. In the case of the Front, the municipality provided “floor and roof” and the Front constructed the interiors of the stalls. The vendors need to present a certification from the Front that they have paid for the interior of the stall. Poor accounting on behalf of the Front and its association leadership has resulted in a delay of these documents and therefore an impediment to full ownership. In an effort to resolve some of the conflicts

regarding payments to the Front for the interiors the municipality has intervened and in some cases assumed the payments in order to settle disputes (Montalvo, 3/3/2008).

There are three reasons that cause the vendor to be unable to present proper documentation: (1) the inability of the stall holder to prove their affiliation with an association or that they were a vendor for at least three years in the historic center, (2) a name change (for example due to marriage), (3) the vendor has left the country, but as not completed a power of attorney, or a combination of these reasons (table 26).⁶³

Table 26: Reasons for Ineligibility

Reason	Lack of Payment	Improper Documentation	Does not Open Stall	2 or more problems
Chiriyacu	14	22	13	7
El Tejar	184	234	16	88
Granada	19	40	0	3
Hermano Miguel	219	47	45	16
Ipiiales del Norte	0	0	0	0
Ipiiales del Sur	27	41	5	20
Ipiiales Mires	2	7	20	0
La Merced	3	2	4	3
Montufar	123	114	21	47
San Martin	3	5	13	1
Total	594	512	137	185

Source: UECP 2008

The reason for ineligibility is the failure to respect the rules and regulations of the commercial centers, primarily not opening the stall on a regular basis. In 2008, UECP budgeted US\$ 100,000 for legal assistance to the vendors who have not been

⁶³ The UECP reported that a number of vendors have left for Spain since the decline of the economic situation in Ecuador. This has presented a variety of problems for the UECP as the vendor can no longer personally run his stall.

able to complete their legal obligations. Until the transfer of ownership is completed, the municipality can not transfer management of the commercial centers to the vendors. At the time of research, only one commercial center, the Granada, was functioning semi-independent of the municipality. The rest remain primarily dependent on the municipality.

MUNICIPAL MAINTENANCE OF COMMERCIAL CENTERS

The priority of the municipality is the maintenance of commerce free streets in the historic center, regardless of the cost. Given the difficulties the municipality encountered transferring ownership of the market stalls to the vendors; the commercial centers were still not operating under the laws of horizontal property in 2008. According to municipal officials and the vendors, the original project objectives included training for the vendors, the transfer of property under horizontal property law, and management of the commercial centers by the vendors, so that the markets are eventually self-sustaining. Ms. Estrella notes that the municipality had set aside resources for training and technical assistance and the municipality was to ensure that the vendors have good sources of credit and financing. However, since relocation, training has been limited and only credit for the market stall has been made available to the vendors (Estrella, 4/24/2008). Since 2004, the UECP budget and operating costs of the commercial centers has ranged from \$1.4 to \$2.8 million a year (table 26). The estimated 2008 budget was over \$3 million (table 26). Due to the fact that Mayor Moncayo ran for re-election in 2004, a number of the original ideas in the plan were pushed aside for political reasons. The vendors were resisting the transfer because the municipality provides significant financial support, as well as an independent management team. According to Ms. Estrella, withdrawing this support would have been politically dangerous for Mayor Moncayo, and could have cost him re-election.

The interviews revealed that the vendors recognize their responsibility to take over or assist with the maintenance costs of the commercial center. However, the majority expressed that their financial situation is too precarious to contribute (table 20); 47 vendors agreed that the municipality should continue to subsidize the maintenance costs until sales in the commercial centers are increased, as well as manage the centers. Only the Granda commercial center has assumed a significant share of the operating costs, such as water, electricity, security, and sanitation. Each vendor pays a monthly fee of \$9.50. However, the manager, Luis Cuenca, notes that the municipality, through funds from FONSAL and the UECP, provides financing for any infrastructure maintenance or other costs not related to the daily functioning of the commercial center. In El Tejar, they are semi-autonomous and each vendor contributes \$3.47 a month. In addition, this is the only market that rents its communal areas. On Tuesday and Saturday wholesale vendors from Atuntaqui (Imbabura province) occupy the hallways. According to Ms. Vega, the manager, the rental fees account for approximately \$2,000 a month in additional income. The municipality assumes the remainder of the costs. Ipiales del Sur and La Merced have also assumed the responsibility of the electricity costs for communal areas. The vendors of Hermano Miguel and Montufar have assumed the costs of electricity for their individual stalls. When the municipality stops paying the remainder, each vendor will probably have to contribute between \$10-11 a month.

Benefits of Commercial Centers

In addition to providing an indoor space, the commercial centers offer a variety of other benefits subsidized by the municipality. Security was the improvement cited most frequently in the interviews; others cited social programs

Table 27: Municipal Expenditures for Commercial Centers, 2004-2007

Category	2004		2005		2006		2007		2008	
	Thsd US\$	Per-cent	Thsd US\$	Per-cent	Thsd US\$	Per-cent	Thsd US\$	Per-cent	Thsd US\$	Per-cent
Salary	362	19%	306	20%	N.A.	-	339	12%	466	14%
Basic Services	557	29%	186	12%	229	13%	184	6%	550	17%
Publicity and Events	264	14%	124	8%	308	17%	210	7%	525	16%
Seucrity	274	14%	253	17%	92	5%	433	15%	100	3%
Alarm Service	-	-	84	6%	-	-	2	0%	-	-
Janitorial Services	170	9%	156	10%	157	9%	266	9%	315	10%
Leases	9	0%	15	1%	23	1%	25	1%	-	-
Training and Studies	42	2%	17	1%	5	0%	10	0%	200	6%
Social Programs	-	-	-	-	1	0%	15	1%	390	12%
Operating Costs (electricity, water, etc.)	54	3%	24	2%	11	1%	7	0%	-	-
Legal Expenses	91	5%	61	4%	37	2%	35	1%	100	3%
Infrastructure Maintenance and Repairs	78	4%	268	18%	963	53%	1,358	47%	595	18%
Information Systems and Database Management	-	-	2	0%	2	0%	3	0%	-	-
Total	1,899	100%	1,496	100%	1,829	100%	2,885	100%	3,241	100%

Source: UECP, 2007-2008 FONSAL 2004-2006

such as health and child care. However, the majority seem pleased to be off the streets and in a secure and clean environment.

Security

The majority of vendors feel that security has improved in the new commercial centers. Although the municipality provides security service in the form of guards and electronic alarms, there have been some major incidents. In the Chiriyacu commercial center, over US\$ 100,000 in goods and merchandise were stolen on November 2006. In the San Martin commercial center, two night time break-ins resulted in thousands of dollars of merchandise stolen (Marin, 5/7/2008). The vendors of the Montufar commercial center reported that although they feel secure in the commercial center, their clients experience security problems in the streets surrounding the commercial center as they enter and leave due to the insecurity of the location and the type of merchandise sold in this center, primarily jewelry and electronics. Overall, 83% of the vendors interviewed were positive about the improvements in security.

Social Programs

In addition to providing an indoor market space, the project integrated a number of social benefits at the request of the vendors. The municipality created an organization called the Home of Peace (Hogar de la Paz) with the objective of attending to the social needs of the vendors. It is located in a central location in the historic center, in a separate building. Since the majority of vendors are women, child care was a top priority. Subsidized child care is available for \$5 a month at the Home of Peace. School age children enrolled in first to seventh grade may also seek homework assistance, in a program called “Supervised Homework (Deberes Dirigidos).” Vendors may also enroll in the metropolitan health insurance plan at the cost of \$2.90 per person/month.

Although these programs were solicited by the vendors themselves, the interviews revealed that many of the vendors are unaware of the services offered, although flyers and pamphlets can be found throughout all of the commercial centers. For the vendors working in the northern and southern commercial centers, the location of the Home of Peace is inconvenient and does not allow them to make use of the services. For those working in the historic center, the Home of Peace is conveniently located for the majority of the commercial centers. However, only 18 or 33% of the vendors interviewed utilized at least one of the services offered.

The incorporation of child care and other services is not new to municipal markets in Quito. A few of the municipal fruit and vegetable markets in the city offer subsidized child care to their tenants on the upper floor of the market, including the Central Market and the Santa Clara Market. This is particularly important given that the majority of vendors are women, and the burden of child care falls primarily on them. The failure of the municipality to design the historic center markets with child care in each facility is a drawback, and is not practical for those working outside of the historic center. This could indicate that if on-site child care is not provided, then vendors are more likely to bring their children to their stall instead of to a central child care facility, due to time or transportation constraints.

The municipality may also need to promote the programs or inform the vendors of the benefits of the programs. Although the fees seem nominal, to many living on day to day earnings, an additional \$10 a month may be too costly. However, the incorporation of these programs demonstrates attentiveness on the part of the municipality to the social needs of the vendors, who often do not have child care alternatives or access to health care. For the municipality, the programs are costly; the UECP budgeted \$390,000 for child care alone in 2008.

Infrastructure and Sanitation

The municipality has employed a janitorial staff that is responsible for the daily cleaning of the facilities. In this regard, all 54 vendors interviewed feel their situation has improved. However, although they indicate an improvement from the street stalls, 6 or 11% categorized the commercial center structures as cheap and the interiors, in comparison to some of the other shopping centers in the city, unattractive. They feel they lose business to the private shopping centers, such as El Jardín and El Recreo, due to the less attractive appearance. However, the private shopping centers offer a different range of products, many of which are imported and more expensive so the comparison is not quite appropriate. In addition, they are not financially supported by the municipality.

ECONOMIC SITUATION

The municipal publicity campaign about the relocation advertised that the economic situation of the vendors would improve after relocation. This assumption was based primarily on the costs saved due to a permanent location; it did not integrate the idea that sales might decrease. Only 15 or 28% of the vendors interviewed indicated that sales were equal or better than on the streets. The remainder (57%) stated that sales have decreased, and 8 or 15% would prefer to abandon the commercial centers for the streets in order to improve their economic situation. The SDS survey illustrated similar opinions (table 28).

Vendor Income

The income of the vendors is difficult to evaluate, as the majority do not keep account records. The SDS survey collected income data, but the UECP feels the majority have incentives to under report their income, so that the municipality continues to subsidize the operating costs. Prior to the relocation, the 1996 AZC study estimated vendor income was \$100-\$215 a month. In 1996, the basic basket of goods

Table 28: Condition of Sales since Relocation

Commercial Center	Chiriyacu	El Tejar	Granada	Hermano Miguel	Ipiales del Sur	Ipiales Mires	La Merced	Montufar*	San Martin
Increase	7%	2%	7%	2%	9%	5%	19%	9%	3%
Decrease	68%	74%	56%	80%	72%	57%	39%	60%	68%
No Change	26%	25%	37%	18%	19%	37%	42%	26%	30%
Total	100%	100%	100%	100%	100%	100%	100%	95%	100%

*4.86% did not answer

Source: SDS, 2008

for a family of five cost \$376.11, the poverty or essential basket of goods for a family of five cost \$164.57, and the minimum salary was \$260.27 (INEC, 2008). According to the AZC study, the vendors were barely earning enough to afford the essential basket of goods and below the minimum salary at the time.

In April 2008 the basic basket of goods for a family of five was \$495.82 and the essential basket of goods was \$349.70 (INEC, 2008). The minimum salary was \$373 (Ibid). The SDS survey illustrated a volume of sales per vendor that ranged from \$182 to \$8,000 a month. The average sales income of the vendors by commercial center estimated by the SDS survey is between \$402 and \$1,192 (table 29). 90% (1,333) of vendors earned between \$182 -\$666. A very small number of vendors, less than 1% (13) have an income above \$2,500 a month. The remainder, 9% (149), earn between \$666 and 2,499 a month. The vendors earning above \$2,500 are located in the Tejar (2), Granada (1), Ipiales Mires (7), and the Montufar (3).

Although some vendors are earning exceptionally well, the majority of vendors barely earn enough to support a family of five; this is consistent with the pre-relocation earnings. A vendor in the Granada commercial center commented, “For example, I buy a pair of pants for \$10, I sell it for \$12 to earn something, but not even at that am I able to sell; sometimes I do no business all day, I am desperate because I don’t even earn enough for lunch, much less my debts. Sometimes I don’t open my shop to avoid the debt collectors (Informant 34, 4/25/2008).⁶⁴” This vendor’s comment is similar to many made to the author during the interviews. The majority indicated sales are low and pressures to repay debts from creditors, particularly informal creditors, are high.

However, the vendors’ perception of the situation in the interviews seems far worse than the survey results indicate; particularly when calculating the pre-relocation expenses incurred by the vendors (storage rental, transporter/cargador expenses, and payments for association membership) which are no longer deducted from their income.

Of course sales income per month represents a gross figure not taking into account the labor costs of the vendor. Vendors typically do not maintain sales or accounting records.⁶⁵ The only commercial centers which do so regularly are the Granada and El Tejar. This is another indication of the replication of street level commerce.⁶⁶

⁶⁴ This vendor has debts with Bank for the purchase of the stall, with the loan shark (chulco), and the jeans factory.

⁶⁵ The SDS survey revealed that 67% do not maintain sales records and 87% do not maintain records of expenditures and income (SDS, 2008)

⁶⁶ Mr. Cuenca and Ms. Vega stated that they maintain accounting records, manually in Granada and electronically in El Tejar; however these records are considered private and were not shared with the author or the UECP.

Interviews with the vendors revealed that the vendors expect the municipality to assist them with marketing and promotion, as well as subsidizing the operating costs until sales improved. The vendors identified a variety of competitors that interfere with sales such as the wholesale vendors and Chinese merchandise discount stores. In addition, transportation and parking were described as problems that reduce the sales potential of the commercial centers.

Transportation and Parking

The vendors identified transportation and parking as one the primary reasons for a decrease in sales. Parking is limited in the historic center and only two of the commercial centers have parking garages, the Tejar and Montufar. Providing them was identified as an advantage of these centers by the vendors; 21 or 39% of vendors felt that increased parking could contribute to improved sales. Public transportation in the historic center has been restricted by the municipality in order to limit congestion. Only the Montufar and San Martin are near major public transportation routes in the historic center. The remaining centers located in the historic center require a 10-15 minute uphill walk from the nearest major bus stop. 26 or 48% vendors feel that re-routing buses closer to the commercial centers would help improve sales.

Competition

Vendors also identified four competitors, namely wholesale vendors, Chinese merchandise discount stores, new formal business in the historic center, and roaming traders. The vendors' comments suggested that the municipality needs to assist in regulating and controlling these competitors. As described in Chapter 5, the wholesale vendors now operate seven days a week and sell in both bulk and retail; prior to the relocation they only worked two days a week, Tuesday and Saturday, from 4am until 10am. The vendors consider the new commerce structure of the wholesale market a

violation of the former rules of commerce and regularly petition the UECP to control the opening hours of the wholesale market in Cablec. This is because prior to the relocation wholesale vendors only sold in bulk, primarily to the fixed stall vendors, and only during a limited time frame. Although there were no formal written rules, this was internally regulated and respected by the vendors themselves. However, with the relocation, the former rules and regulation of street commerce have begun to disintegrate. Regardless of vendor dissatisfaction with the Cable traders, according to the SDS survey, 28% of the vendors still purchase their merchandise from the wholesalers in Cablec.

Luis Montalvo commented that Mayor Moncayo has personally received association leaders to discuss the problem, but the municipality is faced with a legal matter that they can not resolve (Montalvo, 5/3/2008). The wholesale vendors have purchased a market, with the assistance of the municipality, but it functions semi-autonomously, as the vendors themselves are the owners, not the municipality. The wholesalers also no longer sell exclusively in bulk. The vendors claim that this is an unfair competitive advantage. Colonel Montalvo claims that the only course the municipality can pursue is that of dialogue; legally they have no right to restrict the commercial practices of the wholesale vendors. Colonel Montalvo has pursued dialogue through the organization of meetings with the Mayor, the wholesale vendor representatives, and the association leaders of the small scale vendors. However, he does not see a solution to this specific problem, but hopes to “find mechanisms to support the small scale vendors so that they can improve their sales and become more competitive (Ibid).”

The proliferation of discount stores that sell inexpensive products from China are direct competitors to the vendors, who primarily sell low cost goods from Ecuador and other Latin American countries. Chinese merchandise entered the Ecuadorian

market in 2002 after an economic cooperation agreement. Trade between China and Ecuador has been increasing rapidly since 2002, and between 2007 and 2008 doubled from just over 1 billion USD to 2.38 billion USD in 2008 (Ministry of Foreign Affairs, 2009). The national and other Latin American products can not compete in price with the Chinese products, and the vendors feel the UECP should intervene on behalf of the vendors to restrict the opening of these shops and the importation of Chinese merchandise. As with the wholesale vendors, Colonel Montalvo indicated there is no legal recourse and the vendors must find new ways to compete. An interview with Cecilia Quishpe revealed some interest of vendors to enter the Chinese merchandise market in the same way they bring other Latin American products into Ecuador. This is done primarily by pooling resources, often through an association and to purchase the items in bulk, and distribute to the participating vendors. Ms. Quischpe commented that she has made suggestions to the UECP, but with no results. Colonel Montalvo is looking at other approaches to improve competitiveness and this is not part of the strategy. Although the municipality seems concerned about this matter, they believe it is something that if dealt with at all, is a central government issue.

The rehabilitation of buildings in the historic center has allowed new formal businesses to rent retail locations in what were once storage rooms. Many of these new businesses are concentrated near the commercial centers and compete directly with vendors in the commercial centers; they often sell similar merchandise as those in the center, but are required pay rent and VAT, though many may not. A survey of commercial center clients by INNOVER indicated that this problem is most relevant for the Hermano Miguel, El Tejar, and Ipiales Mires commercial centers (table 29). Since most clients reach the commercial centers by foot, these new shops often catch the attention of the consumer before he or she enters a center, and makes the sale

before the client ever enters the commercial center. From a location perspective, these shops have an advantage of being more accessible from the street than the commercial centers.

Table 29: Commercial Center Clients who Patronize Adjacent Stores

Commercial Center	Chiriyacu	El Tejar	Granada	Hermano Miguel	Ipiales del Sur	Ipiales Mires	La Merced	Montufar	San Martin
% Yes	9%	16%	9%	15%	6%	15%	9%	7%	6%

Source: INNOVAR-ICA, 2007

The matter of the roaming the traders is the only case where the municipality has breached the terms of relocation reached with the vendors. As discussed in Chapter 5, regardless of municipal efforts, thousands of roaming vendors work the streets of the historic center, particularly in the areas surrounding the new commercial centers. The municipality finds it lacks the resources to control the roaming traders. The AZC in collaboration with the Metropolitan Police is responsible for controlling the use of public space. The AZC, like other municipal departments, lacks the staff and resources to effectively accomplish their responsibilities (Paz Miño, 2008). In order to manage this problem the AZC and members of the Metropolitan Police spend one hour a day patrolling the streets and issuing warnings, fines, and confiscating the goods of street vendors. In addition, AZC workshops with formal business owners include a session on the ordinances of the historic center, including that which prohibits the purchase of goods from street vendors. The AZC requests the cooperation of the public and encourages them not to purchase from roaming vendors. Ms. Barraqueta noted that although a municipal ordinance which prohibits the

purchase of goods from street vendors in the historic center exists, it is rarely enforced (Barrazueta, 3/11/2008). The vendors of the commercial centers complain that the municipality is not upholding their agreement. However, on any given day, vendors can be seen purchasing items from roaming traders. Roaming traders sell cheap goods, often food products, and offer the convenience of coming to the client. For example, a vendor does not have to temporarily leave his or her stall to purchase a snack or a drink if they buy from a roaming trader. The commercial center managers and security staff do their best keep the roaming traders out, but as Mr. Davila commented, it is an impossible task (Davila, 3/12/2008).

To sum up, although the vendors face new forms of competition that did not exist before; the majority remain in the commercial centers and demonstrate an overall satisfaction with the relocation project. Luis Montalvo, Marcelo Ribandeneira, and six administrators consider the vendors public dissatisfaction with sales a tactic employed in order to dissuade the municipality from the eventual transfer of maintenance and management costs to the vendors. Due to the difficulty of estimating and comparing the income of the vendors, other indicators of economic success of the markets include the levels of stall abandonment, the request of vendors who voluntarily opted out in 2003 to be integrated into the project, and the resale value of the few stalls that have, under extraordinary circumstances, been sold. I deal with these issues in the next section of this chapter.

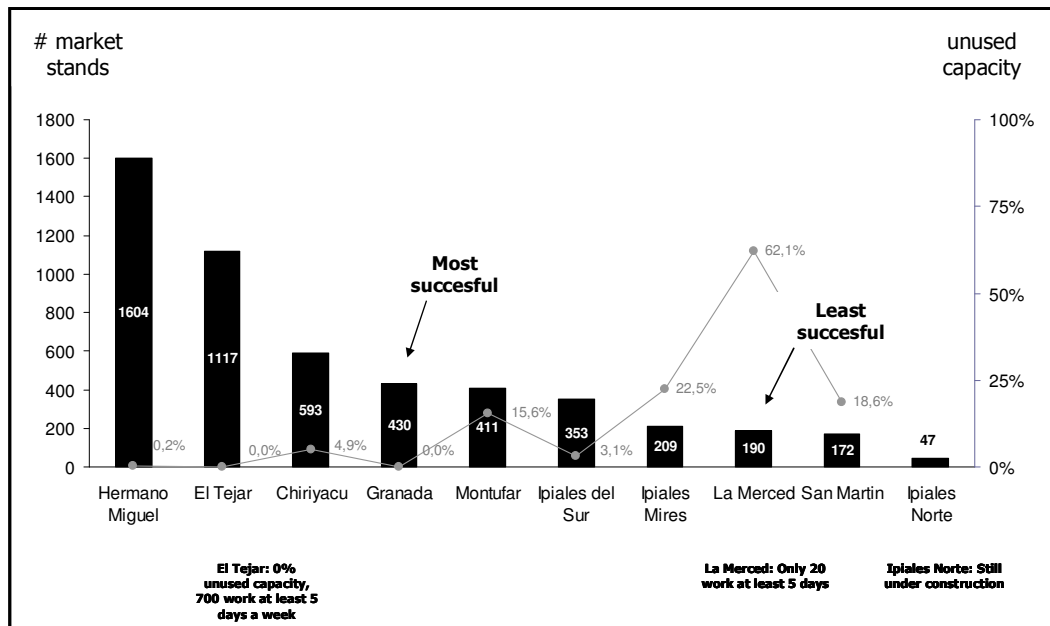


Figure 17: Stalls per Commercial Centers and % Unoccupied, Source: UECP, 2008

ABANDONMENT, NEW INTEREST, AND THE RESALE OF STALLS

The economic hardship described by some of the vendors has resulted in the abandonment of some of the market stalls by the vendors (figure 17). The architectural design of the commercial centers attributes to some of the economic problems, particularly for the vendors located on the upper floors. All of the commercial centers located in the historic center have at least two floors. The vendors on the upper floors find that clients finish their shopping on the first floors; the stalls located on the upper floors are not frequented and in some cases have been abandoned.

Some of the commercial centers have high rates of occupancy, such as El Tejar and Granada, where 100% of the stalls are occupied. The Granada commercial center is the only one where all vendors regularly show up for work at least five days a week and have voluntarily taken over some of the basic maintenance costs. The Granada is located just opposite the La Merced Church, close to the central plaza, the

Plaza Grande. Although there is no transportation hub nearby, its central location provides plenty of pedestrian activity. In addition, these vendors belong to a single association, the El Salvador association. The market is managed by their president, Luis Cuenca. This association sells clothing, and although there are five floors, each floor is categorized by item. For example, underwear and stockings can be found on the first floor, on the second floor belts and handbags, and on the fifth floor sweaters and other knit products. This helps encourage the clients to move through all five floors instead of finishing their shopping on the first floor. Since it is one single association, they were able to organize the stalls by category and then used a lottery to allocate the stalls within each category. Other markets, which are occupied by various associations, are not organized by product, rather by association. Associations were in some instances formed around merchandise, but not always, and usually consisted of vendors selling a variety of products. Given these circumstances, clients can often find what they are looking for on the first floor. The model used in the Granada market would be difficult to implement in the other markets at this stage, particularly given the levels of conflict. Although the vendors as a whole may benefit, if a handful resisted the reorganization, it would be nearly impossible to implement. The lottery system probably should have been organized around product category instead of association from the beginning. In future markets, such a system might produce improved sales results, especially for multi-story commercial centers.

Hermano Miguel has four unoccupied stalls; the administration uses these stalls for storage space and offices and they are no longer intended for occupation by vendors; occupation capacity of available stalls is at 100%. The administrator indicated good sales, but noted that the vendors on the upper floors probably don't sell as much as those on the lower floors.

Less than 5% of the stalls in Ipiales del Sur and Chiriyacu have been abandoned. These markets, which bring the product closer to their clients in south Quito have ample public transportation and a parking garage. Ipiales Mires and San Martin both have high abandonment levels. San Martin is occupied by one association that previously worked in the streets near the location of the market. However, the second floor of the building is partially abandoned. The manager and vendors report that clients complete their shopping on the first floor. Ipiales Mires has a similar problem. The stalls of the second and third floors are often closed or abandoned.

The Montufar center has seven floors. The abandonment of the stalls is exclusive to the upper floors. The center is partially organized by product. The first floor is electronics, second floor is jewelry, and the remaining floors offer a variety of clothing, toys, and kitchen products such as dishes and glasses. The commercial activity of the first and second floors is energetic, and is one of the few instances where vendors interviewed reported improved sales. The Montufar is located near the Marin, a transportation hub at the edge of the historic center; it also has its own parking garage. The specialization of products on the first two floors, which are not readily available in the other commercial centers, attracts a large number of clients. However, shoppers in search of clothing and other merchandise are likely to visit the Hermano Miguel or Granada, where a larger selection of this type of merchandise is available. As a result the vendors on the upper floors have begun to abandon their stalls to due to limited sales.

La Merced, regardless of its relatively central location near the Plaza Grande, has the highest rate of abandonment and the vendors are experiencing severe economic hardship. The second floor of the La Merced market is completely closed; the first floor is partially closed and the open stalls offer a limited range of products. Vendors report that since only a few stalls are regularly open for business, clients

avoid this commercial center due to the limited availability of merchandise. The commercial center is occupied by a single association, and the members are generally senior citizens. It is the only center where the municipality has given permission to the administrator to rent abandoned stalls, in an attempt to revive the commercial activity of the market. The association president regularly meets with the UECP in order to attempt to resolve the problems faced by his association and the market. The vendors note that although the location is central, its proximity to the larger and more vibrant Granada commercial center leaves them with no clients. According to the administrator, Mr. Galvez, the vendors show low levels of enthusiasm and the majority does not fulfill their obligation to work at least five days a week. The only successful part of the commercial center is the food court, which is known to offer the cheapest lunches in the historic center. Mr. Galvez is working with the association and UECP to try to create a market niche, perhaps of tourist merchandise, due its proximity to the Plaza Grande and the Museum of Colonial Art. In addition, Mr. Galvez and the association president feel that the La Merced market is not recognized by clients as part of the network of commercial centers and is need of additional publicity.

New Interest

The transfer from the streets to the commercial centers in 2003 did not include vendors who voluntarily entered the project late, and were later relocated in Chiriyacu, Ipiales del Sur, and San Martin. Another association later petitioned the municipality to be integrated and the construction of the Ipiales del Norte commercial center began. In addition, according to the UECP, approximately 250 vendors have since solicited the municipality to be integrated into the project (Montalvo, 3/3/2008; Ribandeneira, 5/7/2008). The UECP applies the same regulations to these vendors as

those who entered the project in 2003. Colonel Montalvo and Mr. Ribandeneira consider the continued interest of the vendors an indicator of success.

Re-sale of Stalls

Under extra-ordinary circumstances, the UECP has permitted the sale of market stalls prior to the seven year limitation. This has happened in 6 cases. The reasons for permission have been death of the owner, serious illness of the owner that inhibits his or her ability to operate the stall, or the owner has permanently left the country and the immediate family can not take responsibility of the stall. Mr. Ribandeneira, the legal assessor of the UECP and Professor of Planning at the University Central of Ecuador, has legally assisted all six vendors in the re-sale of the stalls. Depending on the commercial center and the location of the stall, the lowest price was US\$3,400 (Ribandeneira, 5/7/2008). A well located stall on the first floor near an entrance was sold for \$15,000. According to Mr. Ribandeneira, the stalls could not be sold for these prices if business was not good in the commercial centers. However, Mr. Ribandeneira commented that some stalls are worthless at the moment, referring to those located in the La Merced commercial center where the UECP is not able to attract renters, much less owners (Ibid).

A NEW RELATIONSHIP

The vendors no longer demonstrate a contentious relationship with the municipality. In fact, the relationship can be described as paternalistic and the vendors seem satisfied with this arrangement. All 54 vendors interviewed indicated that by the closure of the project, the municipality had made an effort to engage and dialogue with them. They also feel that the UECP does a good job at maintaining the commercial centers and 41 describe the relationship as approachable and positive. Those who feel the relationship is not positive felt that the UECP does not pay enough

attention to their needs and the deteriorating financial situation. Others commented that their debt burden is too high and the UECP does not provide assistance with these matters. Colonel Montalvo commented that when it is possible, they intervene on behalf of the vendors with regard to debt; the majority hold informal debt and there is little they can do to resolve these issues (Montalvo, 3/3/2008). The closure of Mayor Moncayo's term in August of 2008 may have left the vendors in a precarious situation. The municipality hoped to transfer ownership and administration of the markets before the end of the Mayor's term, but such a deadline would be impossible to meet (Montalvo, 3/3/2008; Ribandeneira, 5/7/2008). If Mayor Moncayo does not win re-election, it is unclear if the next administration will support the project in the same capacity.⁶⁷

To sum up, the objective the municipality sought to accomplish was the vacating of the streets. As described in Chapter 2, there are many incentives for a municipality to formalize informal vendors, primarily to create order, increase tax revenue, and rethink urban landscapes. The case of Quito did not intend to seek tax revenue from the vendors, but rather it was hoped that the relocation would clear the path for the development of a tourist destination and increase real estate values that would eventually sustain the project. So far, the streets of the historic center remain primarily clear of vending, with the exception of roaming traders and from this perspective the project can be considered a success.

Vendors also played a critical role in the transfer and the evolution of the commercial center policies. The vendors sought to obtain improved work conditions, property ownership, and self-managed commercial centers through a municipal subsidized project. The work conditions have certainly been made better; ownership

⁶⁷ General Moncayo lost the mayoral election to Augusto Barrera, who took over in August, 2008.

and self-management improvements remained in process in 2008. Although during the negotiation the vendors explicitly petitioned for self-administration in the negotiation, the survey responses, interviews with the author, and overall behavior indicate the opposite. The vendors are no longer distrustful and suspicious of the municipality. In fact, they seek municipal support to resolve a wide range of problems; we have seen that this new relationship has created new forms of informality in the historic center of Quito.

FORMALIZING THE INFORMAL

The transfer from the streets to the commercial centers has created new rules and regulations. Although the vendors are not fully formal vendors, they are also not informal vendors. In fact, the vendors themselves no longer refer to themselves as informal, but rather as small scale vendors (*minoristas*). A vendor in Ipiales Mires, commented, “No we are no longer informal vendors, now we are small scale vendors (*minoristas*) (Vendor 27, 4/3/2008).”

Once the vendors become owners, they must begin to pay a real estate tax to the municipality on the stall. This is directly related to the size of the stall and is between \$5 and \$10 a year (Ribandeneira, 5/7/2008). Although the vendors did not legally own the space on the streets, they often behaved as if they did, and traded and sold space for several hundred or thousands of dollars. The change here is the legal backing of the law, and the vendors are free after seven years to sell or rent their stalls. However, many are resisting the transfer of ownership due to financial difficulties and the consequences of ownership, which may result in the withdrawal of municipal subsidies and support.

As described in Chapter 5, new laws at the national level now obligate the vendors to register with the SRI and pay a small tax. The majority welcome the change that will allow them access to services, as long as the payments are small. A

good deal of the merchandise on sale in the markets is contraband products from Colombia, Peru, and Panama. There are no plans to tax these imports at the local or national level. The vendors remain in between informality and formality. In some ways, these commercial centers represent a semi-tax free zone for the poor.

The two commercial centers managed by vendors, El Tejar and Granada, show signs of a replication of street level rules within the commercial centers. Their desire to be semi-autonomous, as opposed to dependent on the municipality, can be interpreted as their preference to remain outside of the regulations of the municipality. The level of conflict among the vendors in these two commercial centers is high, and can be attributed to their dissatisfaction with the management.

The conflicts could be attributed to extension of informal credit to the vendors, by The Front and the El Salvador association, making them dependent on their leaders. The interviews indicated that credit is a main concern and source of stress for the vendors; this could be exacerbated when the creditor is the center manager. In addition, the vendors pay higher monthly maintenance fees in these two centers. This has caused internal strife as the vendors have indicated a reluctance to pay the fees until the municipality withdraws the subsidy from the other centers. Moreover, the charters require a change of leadership; however Mr. Cuenca and Ms. Vega have never relinquished power. These two commercial centers indicate that when a full transfer is made, it is likely that the old rules and power structure of the vendors will return.

Vendor's and their associations constitute a critical stakeholder in the historic center and local politics. When they are relatively strong and united behind a formalization regime, then organization is possible. However, local officials must also support that formalization regime. When vending organizations are weak, or when they bicker over strategy amongst themselves, conflict and the replication of street-

level governance become more likely outcomes. Thus, the research indicated that only with the support of both local officials, vendors, and their associations or the breakdown of the association, that stable governance of the commercial centers is possible.

The diminishing level of conflict in some of the municipal managed centers indicates that an external manager may have more success than an association leader or vendor. An association leader or vendor may be seen to have personal interests or alliances which may influence decision making. A municipal manager has no prior relationship to the vendors, and sole responsibility is to ensure the daily functioning of the market, which includes mediating conflicts among vendors. The municipal managers interviewed discussed mediation and conflict resolution as one of their primary tasks. The vendor interviews revealed confidence in the managers' ability to be fair with regard to conflict resolution. Where associations are strong, the leaders must cooperate with other leaders and the managers for successful administration; where the associations have primarily disintegrated, a new organizational structure has emerged behind the commercial center, instead of by association. This indicates that municipal managers or external managers with no association links are better suited to administering the centers than the vendors themselves.

MODERNIZATION – AN ALTERNATIVE TO FORCEFUL REMOVAL OF VENDORS

The case of Quito illustrates some successes, as well as drawbacks to the relocation process. The time frame originally planned by the municipality for the final transfer of the commercial centers to the vendors was too short. A longer process of training and preparation is necessary. In addition, external managers, from the municipality or an external party are probably necessary given the need for mediation and conflict resolution within each of the centers. In a case where the stalls are purchased, a greater involvement with the matter of credit is probably necessary.

Although the seven year moratorium on sales or transfer of the property will prevent the immediate acquisition by creditors, after seven years, given the debts reported by the vendors, it is likely that many will lose possession of their stalls to creditors. From the municipal perspective, sorting out issues with chuqueros and loan sharks seems far from the municipal agenda; however the sustainable success of the project probably rests on this issue.

The design and lottery system of the commercial centers could have been improved. The multi-floor centers provide difficult sales conditions for those located on the upper floors. The lottery system could have been designed around product rather than association. Given the involvement and requests of the vendor associations in the negotiation, these proposals probably would have been rejected by association leaders. The breakdown of associations and subsequent decrease in conflict in some of the centers will probably contribute to a more stable administration after the final transfer. One of the original goals of the municipality was to break the association and mafia style governance of street vending after the relocation; the ability for Mr. Cuenca and Ms. Vega to continue as administrators will probably prevent these two centers from becoming truly independent from this type of governance. However, it is important to note that Mr. Cuenca and Ms. Vega claim to be democratically elected administrators, and the municipality respected the decision of the vendors in these cases to be self-managed. A prohibition of this type of management from the beginning might have been a better policy, however the municipality needed the collaboration of these two leaders to accomplish the relocation, and denying their demand to manage the centers might have put the entire project at risk.

On the positive side the municipality engaged in an open dialogue with a high level of participation from the association leaders and some vendors. It is clear that a prerequisite for participation was a high level of organization of the vendors; without

this organization the dialogue and incorporation of the requests of the vendors would not have been possible. In theory participatory planning should open a political space for all stakeholders, regardless of organizational levels; however the case of Quito demonstrates that some organization is necessary in order for a meaningful engagement and dialogue to take place. Building democracy at the local level through political engagement requires not only interest on the part of the stakeholder, but also a certain level of order and stability. From the local government perspective, they must demonstrate political will and openness, particularly with regard to the socio-economic and cultural differences. Here, the municipality employed a strategy of socialization, but they also attempted to pay attention not only to the future economic well being of the vendors, but also to their social needs by incorporating programs of child care and health insurance into the project. These programs may show limited success at this stage, but demonstrate an innovation for the region that with certain improvements could prove worthy of replication.

On the local and national level the tax structure introduced through the RISE tax also illustrates an interesting compromise between formality and informality. This tax allows the vendors to continue to work in the same manner, but with a small tax participate in social programs and eventually access formal means of credit from which they have been traditionally excluded. These progressive policies at both the local and national levels demonstrate innovative policies that benefit both the state and the vendors. It also recognizes that informality is a real part of the economy, and bringing them into society without burdening the vendors with taxes and regulations that would encourage them to remain outside is possible and can prove beneficial for both.

The relocation of the vendors is considered by Mayor Moncayo and all the municipal employees interviewed to be the most important aspect of the recuperation

of the historic center. Fernando Carrión, city council member, considers the project of relocation of the vendors as emblematic and directly related to the recuperation of the historic center, and for these reason its sustainability is important (Carrion F. 11/2/2007). He commented that “The principle problem to attack is the cultural order. The public is accustomed to buying in the street...it is an old highland custom, that of the market.” Angelica Moreno, a vendor, also commented that “The public have poor manners and have learned to only buy in the streets (Moreno, 4/11/2008).” Cultivating a new culture of vending and buying is a long term process, particularly when street vending is still available to the consumer in other parts of the city or through roaming traders. In fact, the vendors themselves seem unwilling to give up purchasing from roaming traders, regardless of their complaints about their persistent presence in the historic center.

The UECP and the municipality are collaborating with the vendors to create solutions to increase their competitiveness and guarantee an improvement in sales. One of the proposals is to eliminate intermediaries so that vendors can purchase merchandise at lower costs. Others include additional training in accounting, sales, and marketing. The UECP hopes that with additional skills, the vendors will be able to compete.

From the vendors’ perspective, the municipality has a responsibility to subsidize and manage the commercial centers, as they have made good on their promise to vacate the streets. Luis Cuenca commented,

“We (the vendors), in the majority, have given our support to the municipality. The municipality has not been careful enough to give us their complete support... We hope that he (Mayor Moncayo) never stops supporting us, because we will always need municipal assistance, because we think that we have done our part to improve the image of the historic center by leaving the streets clean we know that the historic center will remain beautiful (Cuenca 4/24/2008).”

The relocation of the vendors into modern municipal markets remains the landmark achievement of the rehabilitation project. However, the project outlined several goals and objectives other than streets clear of informal commerce. These included housing, real estate, and tourism development. Although the municipality and the IDB felt that progress towards these goals would be limited while the vendors remained on the streets, limited progress has been achieved in these areas since the relocation in 2003.

A NEW IMAGE: ENTERTAINMENT, REAL ESTATE, AND INVESTMENTS

The municipality hoped that the modernization of informal commerce would pave the way for a new historic center, one of open plazas, commerce, and tourism. The modernization of informal commerce was intended as the first step towards a large scale redevelopment of the historic center in an effort to attract tourists and residents, as well as new businesses and investments. Though the relocation has been considered a great success by the municipality, the anticipated investments that would follow has been limited.

The economic development component of the project focused on the creation of a tourism industry in Quito which highlighted culture and image creation as a redevelopment strategy, as well as success measured by private investment and real estate development. Progress in these areas remains limited for two principle reasons. First, the re-creation of the image of the historic center as a safe, residential, and touristy destination is incomplete. Second, due to the failure to change the image, investors find the potential benefits insufficient to outweigh the risks. In order to better understand these issues, the municipality has undertaken several studies to further explore these concerns.

In 2005, the municipality, in collaboration with the European Union and Corporation for the Development of Emerging Countries (COSPE) carried out a

survey of six hundred international, national, and local tourists in the historic center in an effort to assist the Municipality and the AZC to improve the services of the historic center (ProQuito-COSPE, 2005). A second study was carried by INNOVAR in an effort to evaluate why investments have not followed and to determine the function of the historic center for Quiteños in 2007 (INNOVAR, 2007a). INNOVAR surveyed 272 residents from different parts of the city to understand how they use the historic center and their perceptions. INNOVAR also interviewed nine prominent business figures in Quito to inquire why they are not interested in investing the historic (INNOVAR, 2007b). Statistics on local visitors, national, and international tourism are available through the Metropolitan Corporation for Tourism (MCT). Author interviews with Lourdes Rodriguez, director of the Corporation, and the vice-president of Metropolitan Touring, Paulina Burbano provide some insight into the tourism trends and recent public and private efforts. Interviews with Maria Mercedes Vega, program manager at INNOVAR, Pedro Jaramillo, Architect, and Luis Moral, representative from the Chamber of Small Industries in Pichincha (CAPEIPE) provided information regarding investment and real estate in the historic center.

The 2005 study surveyed six hundred people at tourist destinations in different parts of the city. 561 respondents indicated that they visited the historic center at least once in the last twelve months, 39 did not. Of the 561 who visited the historic center, 332 or 59% were Ecuadorian nationals and 229 were international tourist. Of the 332 Ecuadorians who visited the historic center, 305 live in Quito; most reside in the northern sector of the city, 61%. The remainder live in the south, 15%, the center, 14%, and 10% from the suburban valleys. The international tourists come from North America, Europe and other Latin American countries (table 30).

Of the 256 non-Quiteño tourists, the majority spent less than 5 days in Quito and 15% spent over 30 days (table 31). Those that spend over 30 days in Quito could

be attributed to the popularity of Quito as a destination for language study and volunteer tourism, most of which is concentrated in the Mariscal Sucre neighborhood.

Table 30: Nationality of Tourist that Visits the Historic Center

Country of Residence	Number	Percent
Ecuador	332	59%
USA	59	11%
Canada	24	4%
Colombia	21	4%
Germany	15	3%
England	14	2%
France	12	2%
Chile	10	2%
Other	74	13%
Total	561	100%

Source: ProQuito-COSPE, 2005

Of the 256 non-Quiteño tourists, the majority spent less than 5 days in Quito and 15% spent over 30 days (table 31). Those that spend over 30 days in Quito could be attributed to the popularity of Quito as a destination for language study and volunteer tourism, most of which is concentrated in the Mariscal Sucre neighborhood.

Although the majority spent significant time in Quito, 77% spend less than 5 hours in the historic center (table 32). This indicates that the majority visits the historic center as a day trip and has not utilized a hotel in the historic center and/or the use of other services such as restaurants may be limited. According to the survey, 93% of the 561 historic center visitors did not use a travel or tourism agency and visited the historic center on their own, employing taxi services, local transportation, or car. According to this survey, the historic center is perceived primarily as a location that

requires less than one day to visit. It also illustrates limited over night stays in the historic center, and out of town tourists are most likely staying over night in the popular Mariscal Sucre Area.

In July 2008, the Metropolitan Corporation of Tourism surveyed 46,796 tourists at the Mariscal Sucre Airport. On average, the tourist spent 5.7 days in Quito and spent just under \$96.70 a day. 12,777 utilized a travel agency. Of these, 7,444 visited the historic center, 33,991 did not utilize a travel agency; 22,662 visited the historic center. Less than 65% of the visitors to Quito visited the historic center during their stay. In addition, in 2009, the rate of hotel occupancy was low compared to the popular tourist district, the Mariscal Sucre, 36.4% to 55.8% respectively. However, it has increased from 2008 when occupancy was 30% (MCT, 2009).

Table 31: Length of Stay in Quito for Non-residents

Duration of Trip	Number	Percent
Less than 5 days	97	38%
5-15 days	87	34%
16-30 days	38	15%
More than 30 days	34	13%
Total	256	100%

Source: ProQuito-COSPE, 2005

In 2009, 444,680 foreigners arrived in Quito by air. This is a decrease from the previous year when 477,808 foreigners arrived in Quito by air. However, in 2002, only 282,741 foreigners arrived by air and in 2007, it was just over 430,000 (MCT, 2007; 2009). According to Metropolitan Touring, the largest travel agency in Ecuador, they have experienced a decline in the number of visitors requesting a stop over in

Quito. This is attributed primarily to the recent availability of direct flights to Guayaquil, which allows international visitors to the Galapagos Islands to completely bypass Quito (Burbano, 4/24/2008).⁶⁸ On the other hand, Metropolitan Touring reports almost 100% occupancy year round of the only tourist class hotel in the historic center, the Patio Andaluz. This demonstrates a new found demand of visitors who do choose to visit Quito, that the historic center, not the Mariscal, is the first choice for many tourists. However, the availability of tourist class hotels is limited in the historic center. According to Ms. Burbano, if the Patio Andaluz is booked, the second choice is the Hilton Colon, located in the Mariscal Sucre neighborhood.

Table 32: Duration of Visit to Historic Center

Duration	Number	Percent
Less than 5 hours	433	77%
5-12 hours	41	7%
12-24 hours	61	11%
More than 24 hours	26	5%
Total	561	100%

Source: ProQuito-COSPE, 2005

Although there are a number of small pensions and hostels in the historic center, there are limited tourist class hotels. There are twelve second-fourth class hotels in the nucleus and two pensions. However, there is only one first class tourist hotel, the Patio Andaluz. Published rates for the Patio Andaluz range from \$200-250/night. However according to Ms. Burbano groups rates at the hotel average

⁶⁸ Previously, flights stopped both in Quito and Guayaquil. However, American Airlines introduced direct flights to both Quito and Guayaquil a few years ago. Flights to the Galapagos islands leave from Guayaquil (Burbano, 4/24/2008).

around \$100/night. A luxury option became available in 2005, the Hotel Plaza Grande. The Hotel Plaza Grande is located on the corner of the Plaza Grande, a prime location and is owned and managed by the Swissotel group. The published rates range between \$315 - \$2,000/night. According to Ms. Burbano this is not in the price range for the average tourist, and occupancy remains low. Ms. Burbano indicated a need for more first category tourist class hotels in the historic center to fill customer demand. This might increase the number of tourists who visit the historic center; however this would not help to encourage a stop-over on the way to the Galapagos Islands.

Quito needs to continue to market the historic center as a destination in itself, rather than a side trip from the Galapagos. Though visitors have slowly been decreasing, Quito and the historic center have received recognition in several international papers and tourism expos. The New York Times top 53 destinations for 2008, ranked Quito at number 15. The following is the description in the New York Times:

If you've been to Quito, Ecuador, there's a good chance you were heading to the Galápagos. But Quito, the colonial capital perched 9,200 feet up in the Andes, is no longer just a whistle stop. The city's crumbling historic center, one of Latin America's least altered, has been reborn... (New York Times, 2007).

In July 2009 the Wall Street Journal featured a piece on Quito titled "*Historic Quito, Rescued: Once rife with crime, Ecuador's capital is now much safer for tourists.*" Quito has also been featured on the Travel Channel in 2008. The recent surge in recognition by international newspapers and travel outlets may provide the publicity necessary to increase the tourism and encourage stop-overs in the next years.

INNOVAR understands that changing the image of the historic center internationally probably starts at home. How the Quiteño resident perceives the historic center, how they use it, and what prevents them from relocating, opening a new business or spending leisure time in the historic center is critical to creating a new

image. The 2007 survey of 272 residents of Quito provided some insight. The findings illustrate that although most Quiteños agree that significant changes have taken place and the majority do visit the historic center, at least occasionally, they cling to an image of an insecure and poor neighborhood.

According to the survey, 243 or 89% have visited the historic center in the last year, and the average number of visits was 19. Of the 243 who have visited, the most cited objectives of the last visits were the Plaza San Fransisco, 18%, the Plaza Grande, 14%, the commercial centers, 8%, and the churches and municipality 6% each. 58% visited for leisure purposes and 22% to shop. Though only 22% visited with objective of shopping, 28% said they purchased something on their visit. The average spent just under \$48 shopping in the historic center. Of the 22% who shop, 68% visited one of the municipal commercial centers. The image of the church and the Plaza Grande are what come to mind when thinking of the historic center at 40% and 22% respectively. 80% believe the historic belongs to all citizens. However, 18% perceive the historic center as pertaining to the municipality and 1% perceives the historic center belongs to tourists.

Congestion, traffic and narrow streets can make the historic center a difficult place to transit to. Of those interviewed, 58% arrived in their own car, 28% took the tram, 17% the bus, 8% walked, 6% borrowed a car, and 5% took a taxi. Of the 243 who visited the historic center, they were asked to evaluate how they perceive security, cleanliness, ease of access, a good place for entertainment, and if it is a nice place to visit on a scale of 1-5, 5 being excellent, 1 being poor. Security and cleanliness were given a 2.6 and 2.86 respectively, relatively low ratings. Access was given a surprising 3.03, particularly given the congested nature and limited parking in the historic center. As a place for entertainment, it was rated 2.93 and a nice place to visit a 3.33.



Figure 18: Sign on Guayaquil St. 2008, “The neighbors of the historic center reject sexual work in the street” Author Image

Of the 29 respondents who have not visited the historic center in the last year, they were questioned why they have not visited. 41% said they lack the time, 24% responded that it did not interest them, 14% prefer other places, and 10% responded it is unsafe. Another 10% said they would not know what to visit. 3% responded they did not have enough information. Lastly, 3% responded it is too difficult to arrive at, 10% there are too many people, and 7% it is too far.

Of the 272 surveys, 58% agree that the municipality is taking action to resolve the problems of the historic center, 38% responded that they did not agree the municipality was taking action, and 8% do not know. Only 25% know someone who lives in the historic center. 76% responded that they are not interested in living in the historic center. However, 24% responded that they would consider it, of those only six percent indicated it was desirable. Only 8.8% responded that it was very probable they would purchase real estate in the historic center, 25.4% probable, 22.4% improbable, and 43.4% very improbable. The obstacles most cited were insecurity, congestion, and traffic. For those indicating a likelihood of purchasing, the reasons cited were it is touristy, they like the center and the commerce.

The survey was taken in April 2007, four years after the relocation. It indicates that residents still do not perceive the historic center as an attractive place to live. However, many choose to spend leisure time in the historic center, as well as to shop. Though police presence has increased in an effort to limit prostitution and general delinquency, the majority still perceive the historic center as insecure (figure 18). Though much progress has been made with security, local businesses owners and residents also complained at AZC community meetings of problems of prostitution, drugs, and general delinquency, particularly at night. Until the historic center is perceived as a secure neighborhood by locals and tourists alike, at night and during the day, its functionality and as space for tourism and leisure will remain limited.

With regard to attracting private investment, INNOVAR indicated limited success. Ms. Vega and Mr. Moral who manage the IDB financed co-investment program have encountered difficulty arousing interests in this program. The program matches funds for investment of approved projects to start new businesses or to bring new life to old ones. At the time of research, only 50% of the 1.4 million allocated to this program had been committed. Ms. Vega commented “the people still perceive (the historic center) as a risk and our economic investment funds are difficult to utilize (Vega, M., 2/28/2008).” She also noted that this is a critical point for the historic center, as the vendors have been relocated, the buildings under rehabilitation, and the need to attract private investment essential to the long term sustainability of the project.

In an effort to understand the difficulty encountered with allocating the funds, INNOVAR interviewed nine prominent businessmen in Quito to understand their lack of investment interest in the historic center. The summary of the interviews states “The historic center has a historic footprint; it also has a stigma, with respect to insecurity, it is not lack of police presence, but rather lack of residents (INNOVAR,

2007b).” Contamination, noise, inadequate transportation networks, vehicle congestion, lack of parking spaces, limited pedestrian areas without vehicle interference (the sidewalks are too narrow), and insufficient information about the actual planning and zoning available to potential investors were all cited as obstacles to investment. The informants indicated that the actual residents of the historic center have limited purchasing power, the visitors have a nervous attitude which is not a good state of mind for sales, and the businesses that function to serve the tourist sector are included in the package purchased from the travel agency, so there is not open competition with regard to tourism. In addition, tourists are often accompanied by the tourism police while in the historic center, which limits the businesses and services they can access. Many also spend less than one day in the historic center, which means that revenues should not rely solely on tourists; attracting the local population is also essential. With regard to real estate investment, the informants considered the rehabilitation of old buildings expensive and the municipal regulations with regard to historic buildings too complicated.

In addition to tourism and business development, considerable efforts have been made to promote housing programs in the historical core in an effort to attract new middle and upper income residents. As indicated above, this is essential to the overall economic development of the area.

In an effort to improve the deteriorating housing stock, the municipality in collaboration with the IDB and other international organizations including the Junta de Andalucía has collaborated and executed a variety of programs. These efforts are also linked to the national housing program as well as a new project called “Mi Barrio Lindo” financed by the IDB through separate loans, not as a part of the historic center rehabilitation project.

In 1997 the IDB financed neighborhood improvements in Ecuador through assistance to the national housing program. Special conditions in the form of additional subsidizes were made to residences in historic center neighborhoods (IDB, 1997). Put your house in Shape,⁶⁹ a joint project with the Junta de Andalucia, is the probably the most visible housing program in the historic center due to a clear marketing campaign. It encourages owners of inventoried buildings to rehabilitate their homes through access to credit, technical expertise, and the facilitation of building permits and construction licenses. Over 300 units were improved through this program. In 2006, the IDB approved a new loan for over \$37 million to support neighborhood improvements in Quito and municipal modernization. The project aims to raise the living standards of 28,000 families in the poorest neighborhoods, which include, but are not limited to the historic center. In addition, the municipal modernization project aims to unify several municipal companies into INNOVAR in order to improve efficiency. A new system of property registration and taxation will be implemented in effort to raise tax collection (IDB, 2006). These efforts complement the historic center rehabilitation projects, which do not focus on housing. The 1997 loan also represents an example of collaboration between national level programs which incorporate the special objectives of the municipality.

One landmark real estate project is the Conjunto Camino Real, an INNOVAR investment, which rehabilitated and subdivided a large building into 95 condominiums for sale between \$48,000 and 95,000. In 2008, pre-sales had been sluggish, as middle income buyers are weary of relocating to the historic center. In addition, the historic

⁶⁹ Translated by author, Pon a Punto tu Casa



Figure 19: Photo of Marketing Campaign, Pon a Punto tu Casa, 2008 Author

center lacks the services available in other residential neighborhoods, such as supermarkets, hospitals, and pharmacies necessary to attract middle and upper income residents. However, the first supermarket, Mi Comisariato, opened in the nucleus of the historic center, just off the Plaza Grande in 2008.

Since the relocation of the informal vendors, the overall economic development of the historic center remains limited. Tourism is stagnant, investment funds difficult to distribute, and efforts to attract new residents and rehabilitate existing housing stock inadequate. Though the municipality has made significant tangible changes in the historic center, residents, investors, and tourists underestimate what the historic center offers, at least in the eyes of the municipality and international institutions. Enhancing the image the historic center, as well improving infrastructure

will require not only financial investment, but also a transformation of local perceptions. If the municipality is to achieve a self sustaining rehabilitation of the historic center, an enthusiastic and vigorous campaign to create a new image, backed by improved security will be necessary. In addition, though the relocation remained stable at the close of research, success of the modernization of informal commerce should be measured with caution. Full transfer of responsibility to the vendors is likely to jeopardize the years of work and significant financial investment of the relocation project.

The final chapter examines the implications of international recognition, financing, and heritage. It also sums up the findings of this study and a discussion of the Quiteño experience and its implications for planners and future research.

CHAPTER 7

Conclusions

Rehabilitation of urban historic centers and the preservation of cultural and historic patrimony have become integral parts of development programs at both the World Bank and IDB. Lending in this field has attempted to maximize cultural and architectural history in an effort to develop sustainable projects that intertwine economic development with preservation. The rehabilitation of historic centers attempts to provide cities with a marketing advantage in ever global world. As these efforts converge, the management of the historic districts becomes the focal point of several institutions, though the final responsibility, including coordination of institutions, is frequently shouldered by the local government. The case of Quito illustrates a municipality which has managed several actors at the supra-national level, national level, and local level in a complex network of stakeholders in a coordinated effort to rehabilitate and bring new forms of functionality to the historic center.

The principal obstacle to rehabilitation identified by both the municipality and the international organizations was the high concentration of informal street vending that occupied public space in the historic center. Tackling this problem was essential, before any physical conservation or investment could take place. This created a conflict over the use of space in the historic center that took almost a decade to resolve.

Conflicts between planners and street traders are not unique to Quito. Mexico City has attempted to eradicate the historic center of traders since the 1950's, through a program of decentralization and markets (Cross, 1995). In Lima, traders were forcibly removed from the city center in 1997 with the assistance of the National Police after unsuccessful negotiations with the vendors (Dias, 2001). Caracas and

Bogotá are also facing a struggle over the rights to the streets between the municipality and the street vendors (Donovan, 2008 and Rojas, 2008).

The historic center of Quito provided a spatial context for the convergence of power relations and confluence of interest at different levels of governance and between civil society groups that led to a new strategy for managing street vending in the historic center of Quito. The ECH/INNOVAR, in collaboration with other municipal departments, was charged with delivering the combined visions of the historic center, primarily those of the IDB and Municipality. The ECH/INNOVAR was also confronted with reconciling the use of public space, the restoration of buildings and monuments, the creation of a tourist attraction, and improvement of real estate values with the activities of the street traders. The divergent interests of those who live, work, and use the historic center are numerous, not to mention the goals of international agencies and local and national governments made the elaboration of a rehabilitation project complex. Though the development and execution has been challenging, after 30 years of limited progress since world heritage recognition, financing and political will of the municipality finally resulted in tangible successes.

The problems created by the informal commerce in historic center in many ways represented a cultural difference, illustrated by the conflicting perspectives of the use of space, and made reaching agreements difficult. However, both sides recognized this difference and after several years were able to reconcile their divergent perspectives with regard to public space. The municipal institutions recognized the human dimension, as witnessed through participation and engagement, and financing provided training and education; both were preconditions for the successful transfer of the vendors from the street to the commercial centers. The vendors recognized the importance of recuperating public space to the municipality, and the majority voluntarily agreed to the relocation.

This dissertation has examined the impact and change that international financing and heritage preservation brought to informal vendors in the historic center of Quito; I have argued that the convergence of different interests in the historic center at the local, national, and international levels opened a space for dialogue and discussion between vendors and the municipality to create new forms of formality (informality) in the historic center of Quito through democratic, economic and social planning. Political coordination at the local, national, and international levels was required to move the project ahead. The development of new institutions that allowed for easier management of projects and funds were created, and models from abroad were employed to assist in the project design.

Through the investigation of political, social, and economic factors that influenced the behavior of both the vendors and the municipality, this research project offers significant insight into the informal sector debate. Most centrally, it shows that the traditional conceptualization of informality as a dichotomous concept, formal workers are regulated, while informal workers escape regulation, is problematic for the case of fixed stall street vendors. The unique policy problems created by fixed stall vendors prompted a continuous process of negotiation over formality between the vendors and the municipality in a process that often involved street vendors on one side and municipal officials on the other side who each pursue conflicting and partial formalization measures. In this context, formality/informality is a contested state, rather than a static one. Additionally, the research presented provides new insights into a newly emerging system of political representation that has come to characterize countries throughout Latin America. Decentralization in the region has increased the autonomy of municipalities and the engagement of citizens in local democracy, where societal associations have come to play a fundamental role in politics in contrast to previous decades. Within that context, street vending associations represented a

potential channel for aggregating the interests of a significant segment of the urban workforce.

DECENTRALIZATION AND HERITAGE

Decentralization from the central government to the local government can mean that local politics are transformed into spaces of contestation, as they are the most decentralized territorial and administrative social unit with direct contact to the community and its problems. In Quito, this democratic opening helped enable new stakeholders to enter into the political arena, in this case the vendors. Typically municipalities face political and financial constraints; particularly from the central government and often hold little influence over the decisions made at the national level. However, significant financial constraints were removed through Quito's ability to secure international financing, primarily from the IDB.

There were a number of instances where political constraints interfered with the project due to divergent policies at the national and local level. In particular, the right to work clause at the national level, which in essence permits street vending, directly conflicts with municipal regulations and ordinances which prohibit such activities. Little invocation of this clause has been witnessed in Quito, but forceful evictions of street vendors in Guayaquil incited protests in 2008. The protestors' utilized the constitutional right to work clause in their chants and banners (El Hoy, 2008). It is unclear whether or not the national government will have the political will to enforce this constitutional article and interfere in municipal politics in the future.

Quito, like many municipalities in the region, handles some functions that until now had been only under the central governments responsibility. At the same time, they have bypassed the central government, seeking assistance from international agencies in an effort to build working relationships with international organizations, particularly the IDB and UNESCO. The presence of these institutional actors at the

municipal level has allowed for the creation of new urban policies that incorporate social, democratic and economic dimensions into heritage preservation. The process of glocalization, by which the municipality, IDB, and UNESCO and other institutions connected, is not wholly independent from the central state. Although communication and limited forms of collaboration may take place without the participation of the central government, the central government is still required to participate on some level.

Quito has encountered a lack of cooperation with the central government on a number of matters including the location of schools and jails, which need to be managed in order to fulfill not only the municipal vision of the historic center, but also that of international agencies. In addition, the central government jeopardized the second IDB loan agreement due to the lack of attendance of the Minister of Finance at a series of meetings with the IDB and the municipality, where the guarantor forms needed to be signed (Vega, 2008). Although the municipality of Quito has achieved some autonomy, it is limited, and must still rely on the cooperation of the state for some matters.

On the one hand, the municipality encountered assistance from the central government during the elaboration of the first phase of the loan (Arizaga, 2008). Additionally, the central government incorporated the historic center into national projects; for example housing rehabilitation. Although glocalization appropriately describes the reaching out of local and international institutions to each other, as well as the new pressures exerted on local governments, it fails to incorporate the role of the state and the lack of full independence from the state that both sides experience.

The IDB, Latin America, and Preservation

In Latin America, the IDB has worked with the national governments on a mutual collaboration basis regarding development projects. However, since the

1990's, encouraged by the growing interest shown by local governments, particularly regarding urban development, the IDB to began engage municipalities directly. Within the last two decades, it has undertaken ambitious collaboration projects, after developing a loan and technical assistance program fostering significant innovations related to the way in which preservation works are financed and carried out. The main goal was to make preservation a sustainable process in the long term. In order to do so, the IDB financed not only investments related to preservation and conservation, but also all actions needed to enable cultural, economic, and democratic activities that would ensure the long term sustainability of preservation efforts. Besides preserving monuments and buildings, programs included investments to improve public premises and infrastructures, institutional strengthening, resources to restore private buildings and foster economic activities. Another goal was to link public and private entities to collaborate on local economic development and job generation; this would eventually draw real estate investors and other forms of private investment that would create favorable conditions for sustained preservation. In this sense, preservation would become an issue under the responsibility of a wide range of public and private stakeholders.

The cities of Quito, Ecuador, Cartagena, Colombia, and Recife, Brazil can be highlighted as the first successful experiences to employ these mechanisms (Rojas 1999; 2001). These cities must be noted not only because they reflect preservation efforts carried out within the region, but also because they have implemented different approaches towards how to draw new investments, and have developed a wide range of profitable activities in their historic centers.

BARCELONA AND QUITO?

According to the IDB, Quito has shown the greatest success in the region and has encouraged visits by other Latin American municipalities to Quito to learn about

the project.⁷⁰ The IDB claims Quito drew more diversified business interests to support the preservation process, which may be in part to the incorporation of some of the *Barcelona model's* tenets into the project (Rojas, 2001). Although Quito may have been successful in comparison to other Latin American cities, research indicates that investment is still limited and well below the goals of the municipality and the IDB.

The city of Barcelona has attracted worldwide attention for the linked public-private efforts intended to preserve and restore its historical quarter. An approach based on the impact of key public investments that improved public utilities and spaces, and eventually attracted private investments. Through the creation of a mixed-capital corporation, Barcelona initiated programs to enhance not only the economic conditions, but also the social and democratic circumstances.

The ECH/INNOVAR, following a similar approach to the one used in Barcelona, undertook urban preservation and restoration in the historic center in an attempt to draw new investments to the area, while assuming the investment risks. Among the ECH/INNOVAR's main functions are urban planning and development, job generation, and tourism development. The sustainable nature of the ECH/INNOVAR and the case of Quito is more stable than that of similar projects developed by the IDB in Cartagena and Recife, is due to the fact that the project is based on a wider range of activities: residential, business, cultural, and service provision. However, the persistence of an insecure and poor neighborhood has made attracting investment difficult, even though they offer programs to match investment funds, provide low interest credit, and risk management.

The Barcelona model is sometimes criticized for lack of effective community participation and an ever increasing influx of private capital and middle class

⁷⁰ Representatives from Panama and Uruguay have visited Quito (Estrella, 4/24/2008).

homebuyers and renters which has contributed to gentrification. However, these characteristics were not yet obvious for Quito. Although the municipality has attempted to draw middle class buyers and renters, the success has been limited and the neighborhood remains characterized by low income renters and with limited middle class home ownership (Vega, M., 2/282008). It is important to note that the historic center has been losing residential population, particularly in the nucleus for decades. The municipality seeks to revive the residential population, not replace low income residents with middle income inhabitants. However, if they do achieve success in the future, gentrification will be difficult to avoid. Although the key components of attracting investment and developing a tourist industry require further development, the emblematic relocation of the vendors and the newly vacant public spaces was considered a success story worthy of dissemination and replication.

The negotiation process, which was rooted in conflicting incentives for and against formalization for both sides, eventually produced a stable agreement between the municipality and the vendors. The primary objectives of both sides were attained: the municipality – the recuperation of public space; for the vendors – improved work conditions. The incorporation of social, economic, and democratic planning provided an interesting and innovative example of how local government can manage informal commerce, albeit some shortcomings.

Much like the case of Barcelona (Balibrea, 2001; Blakely, 2005; Capel, 2005; Marchall, 2000), my research in Quito indicates that similarly, communication between the municipality and association leaders was fluid and transparent, however the transfer of this information to the individual vendors may have been limited, diminishing the democratic component of the project. As Sorenson describes as one of the pitfalls of network governance, the association leaders acquired the “right to speak” on behalf of all vendors, which resulted in a concentration of power among

certain leaders and individuals and an elite network of stakeholders (2002).

Conversely, the time frame for negotiation from 1999-2003 was long, inefficient and costly. Opening the dialogue to a wider range of vendors may have extended what was already a lengthy process.

FORMALIZING THE INFORMAL: POLICY IMPLICATIONS

The example of Quito suggests that heritage can be converted into a vital tool for municipal governments, not only for the conservation of buildings and monuments and the development of a tourist industry, but also for improvement of social programs and democratic engagement.

The formalization measures described in chapters 5 and 6 have resulted in a semi-formalization and new degrees of informality off the historic center vendors, as they border on both formality and informality (Beneria and Floro, 2006). The new commercial centers operate under rigid rules and regulations in an effort to create order out of what the municipality considered a chaotic and disorderly situation. Compromises on taxation have opened a space for participation in federal social programs and created a semi-tax free zone for the poor. The prospect of stall ownership creates the opportunity for wealth accumulation that the majority of informal vendors often find difficult to acquire.

Innovative programming at the municipal level with regard to child care and health insurance illustrate municipal attentiveness to the social needs of the vendors, regardless of the underutilization of the programs at the time of research. These policies incorporated gender planning through the recognition of the dual role of women as income generators, as well as caretakers (Moser, 1989).

However, some lessons learned can also be drawn from this case. The issue of indebtedness of the vendors, particularly through informal forms of credit, will probably place the future ownership of the stalls by vendors at risk. The municipality

introduced a limited policy prohibiting the sale of the stall for seven years to avoid this potential consequence. However, in 2008 the vendors indicated high levels of debt and it is likely that after seven years many will lose ownership. Introducing policies to assist with creditors and debt could help avoid this possible pitfall.

The breakdown of some associations has dissolved the mafia style governance of street vending that existed before the relocation. The future self-management of the commercial centers by the vendors may also prove detrimental. The negotiations illustrated a preference for self-management by the vendors as a principal condition of the relocation. The research in 2008 indicated a strong preference for continued municipal management. This is primarily due to the municipal managers' ability to sort out conflicts and provide an independent voice. A compromise, such as a vendor oversight board and a municipal manager, might ensure a smoother functioning of the commercial centers in the future.

The economic independence of the commercial centers also seems unlikely. Although the vendors report similar income levels as prior to relocation, they resist the transfer of the operating costs and threaten to retake the streets. This forces the municipality to assume these costs in order to maintain the recuperation of the public spaces, at an expense to the general public. Estimating the monthly maintenance costs prior to the relocation and clearly communicating this to the vendors might have helped vendors understand their financial obligations. Contributions, at least in part, from the vendors might have avoided a culture of paternalism that now exists in the commercial centers.

Overall, the case of Quito illustrates that a modernization of informal commerce without violence and with the consent of the vendors is possible when the needs of the vendors are incorporated into the project. Although the relocation was by

no means perfect, the exemplary pieces are worthy of replication, and the downsides can be evaluated to improve their effectiveness.

SUGGESTIONS FOR FUTURE RESEARCH

As cities become more important actors within the local, national, and global contexts, future research to better understand the roles and implications of the new governance structure is necessary. Community participation is often mentioned as a key component of the urban political dynamic; however the real level of community involvement is questionable given the concentration of power in an elite network of actors. Further exploration of the factors that affect the level of participation in local politics could be useful, as well as the communication between the elite actors and their supporters.

Community driven projects often hold design flaws, as research and studies are pushed aside in an effort to reach consensus. Quito is no exception. Market studies indicated a decentralization of markets would bolster sales. The vendors demanded concentration in the historic center and the municipality yielded to their requests in an effort to reach an agreement. Finding ways of effectively communicating and incorporating technical studies in a participatory project design is essential to for sustainability.

There is a need to further explore the role of tourism and heritage development resulting from local and global visions and the degree of cooperation and collaboration at different levels of governance. The impact of global policies on local cities is another area of with greater theoretical possibilities. As cities reach out to the supra-national level, the engagement with international institutions is not well understood. For example, what are the impacts of the loss of autonomy and how will debt be repaid, in particular if the project is not economically successful?

Finally, the case of Quito suggests that informality can be integrated into the local economy with the cooperation of vendors and local government. Quito presents an innovative method for the modernization of informal commerce, bringing together aspects of the formal and informal that provides a compromise for local government and the vendors. However, the future of the new commercial centers remains unknown. For example, what will happen to the stalls when the moratorium on sales and rentals is lifted? How will the centers function after a full transfer of management is made from the municipality to the vendors; and how will the municipality complete this transfer? Additionally, once the municipality disengages from the management of the centers, how will they ensure the vendors remain off the streets?

APPENDIX

List of Interviews

Municipal Employees

Name	Title/Affiliation	Date
Arizaga, Dora	Consultant INPC; former Director FONSAL	2/7/2008
Arregui, Edmundo	Director, INNOVAR	5/15/2008
Barraueta, Lorena	Head, Control of Public Space, AZC	3/11/2008
Bermudez, Nury	Head, Unit of Studies and Information, Department of Territorial Planning	12/13/2008
Burbano, Paulina	Vice-President, Metropolitan Touring; former Director, ECH	4/24/2008
Carrion, Diego	Chief of Staff, Mayor Paco Moncayo	12/13/2008
Carrion, Fernando	Director, Program for the Studies of the City, FLACSO	11/9/2007
Chacon, Cesar	Employee, Department of Territorial Planning	4/22/2008
Cifuentes, Colon	Head of Planning and Projects, Department of Territorial Planning	4/11/2008
Cobos, Carlos	Former Director, UECP	4/30/2008
Estrella, Rocio	Consultant, INNOVAR	4/24/2008
Gomez, Washington	Union of Independent Associations of Pichincha	3/7/2008
Jaramillo, Pedro	Architect; Former employee ECH and PACTARIM	5/13/2008
Kingman, Eduardo	Professor of History, FLACSO	10/4/2008
Lopez, Hernando	CONQuito	3/4/2008
Montalvo, Luis	Director, UECP	3/3/2008
Moral, Luis	CAPEIPE	4/15/2008
Moreira, Monica	Former Administrator, AZC	3/10/2008
		4/16/2008
Noboa, Gustavo	Head of Multi-lateral projects, INNOVAR	3/7/2008
Pallares, Carlos	Director, FONSAL	3/27/2008
Paz Miño, Ines	Administrator, AZC	1/29/2008
Proaño, Rocio	Employee, Department of Territorial Planning; former Employee, Department of Control of Public Space	4/22/2008
Proaño, Rosario	Former Administrator, AZC	4/28/2008
Quishpe, Cecelia	Congressional Representative,	5/7/2008

	Pichincha Province and Historic Center Vendor	
Ribandeneira, Marcelo	Legal Advisor and Professor of Planning, Central University of Ecuador	5/9/2008 5/10/2008
Rodriguez, Lourdes	Director, Municipal Corporation of Tourism; Former Administrator AZC	4/30/2008
Sevilla, Roque	President, Metropolitan Touring; Former Mayor of Quito	4/25/2008
Vaca, J.	Inspector, Metropolitan Police Department	5/14/2008
Vega, Maria Mercedes	INNOVAR	2/28/2008
Verduga, Maria Jose	CAPTUR	3/19/2008

Commercial Center Manager Interviews

Name	Commercial Center	Date
Christian Marin	San Martin	5/6/2008
Angelita Vega	El Tejar	4/23/2008
Freddy Lopez	Ipiales Mires	4/11/2008
Luis Cuenca	Granada	4/24/2008
Diego Galvez	La Merced	4/11/2008
Santiago Lopez	Montufar	5/6/2008
Santiago Racines	Chiriyacu	3/11/2008
Fabricio Davila	Hermano Miguel	3/12/2008
Patricio Parra	Ipiales del Sur	3/10/2008

Vendor Interviews

Infomant Number	Commercial Center	Date
1	Hermano Miguel	2/4/2008
2	Hermano Miguel	2/4/2008
3	Hermano Miguel	2/4/2008
4	Hermano Miguel	2/4/2008
5	Hermano Miguel	2/5/2008
6	Hermano Miguel	2/5/2008
7	Hermano Miguel	2/5/2008
8	Hermano Miguel	2/5/2008
9	Hermano Miguel	2/5/2008
10	Hermano Miguel	2/6/2008
11	Hermano Miguel	2/6/2008
12	Hermano Miguel	2/6/2008
13	Hermano Miguel	2/6/2008
14	El Tejar	2/19/2008
15	El Tejar	2/19/2008

16	El Tejar	2/19/2008
17	El Tejar	2/22/2008
18	El Tejar	2/22/2008
19	El Tejar	2/23/2008
20	El Tejar	2/23/2008
21	El Tejar	2/23/2008
22	La Merced	3/5/2008
23	La Merced	3/5/2008
24	La Merced	3/5/2008
25	Ipiales Mires	4/3/2008
26	Ipiales Mires	4/3/2008
27	Ipiales Mires	4/3/2008
28	Ipiales Mires	4/3/2008
29	Ipiales Mires	4/3/2008
30	Ipiales Mires	4/3/2008
31	Granada	4/25/2008
32	Granada	4/25/2008
33	Granada	4/25/2008
34	Granada	4/25/2008
35	Granada	4/25/2008
36	Montufar	1/9/2008
37	Montufar	1/9/2008
38	Montufar	1/9/2008
39	Montufar	1/9/2008
40	Montufar	1/9/2008
41	Montufar	1/9/2008
42	Montufar	1/9/2008
43	San Martin	5/7/2008
44	San Martin	5/7/2008
45	San Martin	5/7/2008
46	Ipiales del Sur	2/2/2008
47	Ipiales del Sur	2/2/2008
48	Ipiales del Sur	2/2/2008
49	Ipiales del Sur	2/2/2008
50	Chiriyacu	1/4/2008
51	Chiriyacu	1/4/2008
52	Chiriyacu	1/4/2008
53	Chiriyacu	1/4/2008
54	Chiriyacu	1/4/2008

Other Association Leaders and Vendor Interviews

Name	Affiliation/Commercial Center	Date
Curo, Jose	Chiriyacu	1/2/2008
Delgado, Renee	Nuevo Amanecer	5/6/2008
Gualichico , Jose	President and Administrator, Wholesale Market/Cablec	1/15/2008
Manyay, Marlena	Federation of Small Autonomous Vendors/ Hermano Miguel	3/12/2008
Navarrez, Nelson	Hermano Miguel	5/12/2008
Portilla, Carlos	Libertad, Paz, y Justicia/Hermano Miguel	3/7/2008
Troya, Maria	23 de Septiembre	2/12/2008
Washington, L.	Ipiales del Sur	2/2/2008

VENDOR INTERVIEW GUIDE

Date:

Name:

Commercial Center:

Permission to Record Interview:

Association:

Product:

Residence:

Place of work before relocation:

Years working in the historic center:

1. Please tell me how you came to work in the historic center as an informal vendor?
2. Please describe your participation in the negotiation process?
3. Do you feel the municipality made an effort to dialogue and engage with you and/or your association? Please describe your involvement.
4. Did you join a federation or front? Why/Why not?
5. When did you begin to support the relocation project? Why/Why not?
6. Did you find the sale prices fair and the process transparent?
7. Can you describe the management of the commercial centers? How does this differ from the streets? (Rules/Regulations)
 - a. Do you agree with the rules and regulations?
 - b. What do you think the managers' role is? Does the manager do a good job? Is he fair?
8. What advantages/disadvantages are their working in the commercial center vs. the street?
9. Do you utilize any of the municipal sponsored services?

10. Please describe the relationship with the UECP and the municipality?
11. Do you pay for any services such as electricity, security, sanitation? Do you think you and other vendors should be responsible for basic services payments and operating costs of the commercial centers?
12. Could you describe sales prior to relocation? And after? (the same, lower, hight)
13. Why have sales decreased/improved?
14. Do you know anything about the wholesale vendors in Cablec?
 - a. Do you purchase from the wholesale vendors?
15. Could you describe your debt situation? Formal/Informal (both/none)
16. Do you prefer to return to work in the commercial center or on the street? Why?

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